

## NORTH CAROLINA.

Thomas S. Keeter to be postmaster at Grover, N. C., in place of T. S. Keeter. Incumbent's commission expired January 1, 1924.  
Joseph G. Gamble to be postmaster at Davidson, N. C., in place of M. W. Cranford. Incumbent's commission expired August 8, 1923.

## OHIO.

Frank A. Brown to be postmaster at Batavia, Ohio, in place of S. O. Weaver. Incumbent's commission expired February 24, 1924.

## OKLAHOMA.

Bernice Pitman to be postmaster at Waukomis, Okla., in place of C. S. Brown. Incumbent's commission expired January 28, 1924.

## PENNSYLVANIA.

Marion C. Hemmig to be postmaster at Elverson, Pa., in place of M. C. Hemmig. Incumbent's commission expired February 4, 1924.

Ida E. Megargel to be postmaster at Canadensis, Pa., in place of I. S. Price. Incumbent's commission expired March 2, 1924.

## RHODE ISLAND.

Joseph E. Noel to be postmaster at Arctic, R. I., in place of Leon Charbonneau, resigned.

## TENNESSEE.

Everett M. Greer to be postmaster at Newport, Tenn., in place of J. M. Jones, resigned.

## TEXAS.

Nora C. Brite to be postmaster at Pleasanton, Tex., in place of S. C. Hankinson. Incumbent's commission expired January 31, 1924.

Ira S. Koon to be postmaster at Hallsville, Tex., in place of I. S. Koon. Incumbent's commission expired February 24, 1924.

Chessell Gra to be postmaster at Brookshire, Tex., in place of J. D. Cooper. Incumbent's commission expired January 31, 1924.

## VERMONT.

Sanford A. Daniels to be postmaster at Brattleboro, Vt., in place of M. J. Moran, deceased.

Robert A. Slater to be postmaster at South Royalton, Vt., in place of H. A. Sherlock. Incumbent's commission expired August 5, 1923.

## WASHINGTON.

Mabel G. Lamm to be postmaster at Burlington, Wash., in place of M. G. Lamm. Incumbent's commission expires March 11, 1924.

## WISCONSIN.

Simon F. Wehrwein to be postmaster at Manitowoc, Wis., in place of H. C. Schuette, resigned.

Frank W. Stanley to be postmaster at Omro, Wis., in place of F. J. Maher. Incumbent's commission expired January 24, 1922.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate March 5 (legislative day of March 3), 1924.*

## ASSISTANT ATTORNEY GENERAL.

Ira K. Wells to be Assistant Attorney General.

## PUBLIC HEALTH SERVICE.

Edward C. Ernst to be surgeon.

Peter J. Gorman to be surgeon.

## PROMOTIONS IN THE ARMY.

Edward Fuller Witsell to be major, Chemical Warfare Service.

Paul Xavier English to be major, Chemical Warfare Service.

Howard Winthrop Turner to be captain, Field Artillery.

Robert Chapin Candee to be captain, Air Service.

John Sharpe Griffith to be second lieutenant, Air Service.

Brainerd Taylor to be lieutenant colonel, Quartermaster Corps.

Edwin Albert Zundel to be major, Field Artillery.

Morgan Ellis Jones to be captain, Infantry.

Fannin Adkin Morgan to be captain, Judge Advocate General's Department.

George Howard Rarey to be captain, Infantry.

Jacob Edward Uhrig to be captain, Infantry.

Joseph William Kullman to be first lieutenant, Infantry.

George Dewey Rogers to be first lieutenant, Infantry.

Robert Jones Merrick to be first lieutenant, Cavalry.

William Henry John Dunham to be first lieutenant, Coast Artillery Corps.

Irvin Alexander to be first lieutenant, Infantry.

Eugene Manuel Landrum to be captain, Adjutant General's Department.

James Byron Haskell to be major, Signal Corps.

James Perrine Barney to be lieutenant colonel, Field Artillery.

## POSTMASTERS.

## COLORADO.

John Davis, Arriba.

Harold J. Schwarzel, Carbondale.

Thomas B. Scott, Meeker.

## MAINE.

Carl W. Mitchell, Union.

## NEW HAMPSHIRE.

Arthur M. Rolfe, Salem Depot.

## OHIO.

Howard E. Foster, Chagrin Falls.

Frank L. Lee, East Youngstown.

Frank H. Shaw, Germantown.

## PENNSYLVANIA.

Nathaniel Shaplin, Windgap.

## HOUSE OF REPRESENTATIVES.

WEDNESDAY, March 5, 1924.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

In our minds and hearts, O Lord, be Thou exalted above the heavens and the earth. Continue to speak to us in wisdom, truth, and holiness. Thou alone art able to satisfy the longing soul and lead the step aright. Teach us the way of Thy statutes and give us understanding that we may keep Thy law. Holy, holy, holy is Thy name. Let Thy light go out through all the world and Thy words to the ends of the earth. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

## THE CHARGE OF THE LIGHT BEER BRIGADE.

Mr. CRAMTON. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER. The gentleman from Michigan asks unanimous consent to address the House for two minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. CRAMTON. Mr. Speaker and gentlemen of the House, it was a very interesting occurrence yesterday when 58 bills to bring back beer and wine were introduced by 58 gentlemen of the House. There were the "57 varieties" in addition to my friend the gentleman from Maryland, Hon. JOHN PHILIP HILL. There were 57 generals and my friend HILL as generalissimo.

I simply want to suggest certain facts to be faced by this highly generalized beer bloc. They ought to face the facts as to what Charles Edward Russell has said of conditions in England under the widespread use of beer; what A. B. MacDonald, special writer of the Ladies' Home Journal, has said about the use of beer and wine in Quebec; and what the attitude of labor is as demonstrated in the referendum on beer and wine in Michigan several years ago when, after a year of state-wide prohibition, only two cities in the whole State gave any majority for beer and wine.

Mr. DYER. Will the gentleman yield?

Mr. CRAMTON. I will.

Mr. DYER. Will the gentleman support a referendum to the people of the United States on the question of beer and wine?

Mr. CRAMTON. I will not support a referendum to declare unconstitutional a part of the Constitution.

Mr. DYER. The gentleman is begging the question.

Mr. CRAMTON. I want to call attention to the further fact that out of the 435 Members of the House, with the appeal that was made, there were only 58 who have been willing to sponsor this proposition.

Mr. BARKLEY. Will the gentleman yield?

Mr. CRAMTON. Unless I can get more time I can not yield. I will ask, Mr. Speaker, unanimous consent to revise and extend my remarks, and then I will yield to questions.

[By unanimous consent, Mr. CRAMTON was given consent to revise and extend his remarks in the RECORD.]

Mr. BARKLEY. The gentleman understands the reason this bill was introduced by 58 Members, does he not? The newspapers no longer take note of the activities of the gentleman from Maryland [Mr. HILL], and it took 58 to get 2 inches of space in the papers.

LOW EBB OF THE "BUNGSTARTING" PROGRAM.

Mr. CRAMTON. Mr. Speaker, the organization and public announcement of this beer bloc of 58 gives proof to the country of the low ebb of the "bungstarting" program in Congress. Though by introducing 58 separate but identical bills in concert, the cost to the Government in printing, and so forth, is increased fifty-eight fold, it will be worth while if the country will realize the true significance of the incident—that after several years of propaganda, heartily promoted by most of the metropolitan press, after organizing 40 or more "beer and wine" associations ranging from Harley to Stayton, after active campaigning for months before the last congressional election, after noisily proclaiming for a year after the election what a great "wet" victory had been won, after getting a fearless 40 faithful together to appeal to all and sundry "bungstarters" to come up and sign on the dotted line, legislation made easy—after all this only 58 have "gone over the top," such a meager handful as to make it plain that not one of the 58 identical 2.75 per cent beer bills will ever be heard of again. The fearless, faithful 58 have introduced their bills and made their 58 separate and identical records in concert, and said records, as to this subject, end there separately but identically. Any Member can introduce any kind of a bill, but it takes votes to pass them.

The beer bloc are long on introductions, have broken the record for waste of printer's ink, but are demonstrated to be woefully short on votes. Reading over the record of bills introduced, H. R. 7563, H. R. 7564, H. R. 7565, and so forth, down to H. R. 7620, from BRITTEN to MOONEY, one might think it was the Hell Raisers Brigade, but not so. It is rather the "Here Rest" roll call. In deference to my friend BRITTEN, of the Navy, and my friend HILL, of the Army, we might term the dash of the futilely fearless, faithful, frenzied 58 "the charge of the Light-Beer Brigade."

THE ANXIOUS APPEAL.

Note the anxious appeal sent out by the fearless forty, sent to all the 435 Members of the House:

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., February 28, 1924.

DEAR COLLEAGUE: On Tuesday, March 4, the undersigned individually, but at the same time, propose to introduce the following bill:

"That Title II, section 1 of the national prohibition act is hereby amended by the addition after the words 'beverage purposes,' on line 8 of said section, of the following:

"Provided, That from and after the passage of this act any beverage obtained by the alcoholic fermentation of an infusion or decoction of barley malt, cereals, and hops in drinkable water, or by the natural fermentation of apple or other fruit, vegetable, or herb juices containing not more than 2.75 per cent of alcohol by volume may be manufactured, sold, or transported for sale in original packages for consumption in homes and places other than the place of sale."

This bill proposes to modify the Volstead Act by the substitution of a percentage which has been declared legal by Mr. Volstead himself. If you desire to join us in this movement, please sign and return the inclosed bill to Room 533, House Office Building, in order that we may introduce it with ours on March 4.

Very truly yours,

BRITTEN, of Illinois; BROWNE, of New Jersey; BERGER, of Wisconsin; BRUMM, of Pennsylvania; CELLER, of New York; CLANCY, of Michigan; CONNERY, of Massachusetts; CONNOLLY, of Pennsylvania; CORNING, of New York; DOYLE, of Illinois; DYER, of Missouri; EDMONDS, of Pennsylvania; HILL, of Maryland; KAHN, of California; KINDRED, of New York; KUNZ, of Illinois; LA GUARDIA, of New York; LAMPERT, of Wisconsin; LEHLBACH, of New Jersey; LINTHICUM, of Maryland; MACGREGOR, of New York; McNULTY, of New Jersey; MEAD, of New York; MINAHAN, of New Jersey; MORIN, of Pennsylvania; NEWTON, of Missouri; O'BRIEN, of New Jersey; O'CONNOR, of Louisiana; O'SULLIVAN, of Connecticut; PERLMAN, of New York; RANSLEY, of Pennsylvania; ROSENBLUM, of West Virginia; SABATH, of Illinois; SCHAFER, of Wisconsin; SHERWOOD, of Ohio; STEPHENS, of Ohio; TAGUE, of Massachusetts; TYDINGS, of Maryland; VOIGT, of Wisconsin; WOLFF, of Missouri.

The italics are mine.

Eighteen recruits responded, nearly half a recruit for each of the fearless 40.

Less than 15 per cent of the membership of the House in all enrolled in the light-beer brigade, far short of the 51 per cent required to pass a bill. And "the most unkindest cut of all" was when the Chicago Tribune of yesterday, exuding sympathy in every line of an editorial lauding their program as one to "make a happy land," referred to our distinguished colleagues, the fearless 58, as the "congressional bungstarters."

THE WIDESPREAD (?) DEMAND FOR BEER.

Seriously, this tangible showdown is of importance. Realizing there are not enough votes in Congress to get the light wine and beer question before this Congress, not even the necessary number to petition under the new rule for discharge of the Judiciary Committee, this concerted introduction stunt was the only way of getting a real count of noses. It has been done, on a bill for 2.75 beer, with no provision in it for light wines; and there they are—58; count them.

A press dispatch from Washington dated March 3, probably by Associated Press, published in the Detroit Free Press, credits the gentleman from Maryland [Mr. HILL] with being the organizer of the bloc. It says: "No claims are being made of victory in the present Congress" but the bloc "expects to get a 2.75 per cent beer law through the next Congress." The press notice says:

Only Congressmen from districts where sentiment is distinctly wet dare to put themselves on record.

Just so, and there are now proven to be only 58 districts out of 435 that are "distinctly wet." And as to the "next Congress," remember what the Washington Evening Star said last October:

There is plenty of talk of what will be done, but when the wet politicians are called upon to toe the line they get cold feet.

Not only is the number only a small fraction of the House but the representation comes from only a few States and almost entirely from large cities, principally from New York City.

Realizing that we have here presented the real beer and wine support in the House, a little study of it is interesting.

The proposition in the 58 identical bills is for 2.75 per cent beer or "apple or other fruit, vegetable, or herb juices" to be manufactured, sold, or transported for sale in original packages for consumption in homes and places other than the place of sale.

The supporters of this program are accredited:

California (out of 11 Representatives): \*KAHN—1.  
Connecticut (out of 5 Representatives): O'SULLIVAN—1.  
Illinois (out of 25 Representatives): \*BRITTEN, \*DOYLE, \*KUNZ, and \*SABATH—4.  
Louisiana (out of 8 Representatives): \*O'CONNOR—1.  
Maryland (out of 6 Representatives): \*HILL, \*LINTHICUM, and \*TYDINGS—3.  
Massachusetts (out of 16 Representatives): CONNERY, GALLIVAN, and TAGUE—3.  
Michigan (out of 13 Representatives): \*CLANCY—1.  
Minnesota (out of 10 Representatives): \*KELLER—1.  
Missouri (out of 16 Representatives): \*DYER, \*NEWTON, \*WOLFF—3.  
New Jersey (out of 12 Representatives): \*BROWNE, \*EAGAN, \*LEHLBACH, \*McNULTY, MINAHAN, O'BRIEN—6.  
New York (out of 43 Representatives): BLACK, BLOOM, BOYLAN, CAREW, CELLER, CLEARY, CORNING, CULLEN, GRIFFIN, \*KINDRED, \*LA GUARDIA, LINDSAY, MEAD, \*MACGREGOR, O'CONNELL, O'CONNOR, OLIVER, \*PERLMAN, QUAYLE, SULLIVAN—20.  
Ohio (out of 22 Representatives): \*MOONEY, SHERWOOD, \*STEPHENS—3.  
Pennsylvania (out of 36 Representatives): BRUMM, CONNOLLY, EDMONDS, MORIN, RANSLEY—5.  
West Virginia (out of 6 Representatives): ROSENBLUM—1.  
Wisconsin (out of 11 Representatives): BERGER, LAMPERT, SCHAFER, SCHNEIDER, VOIGT—5.  
\* Not in the 10 per cent wine and cider bloc.  
Total—58.  
Total number of States represented—15.  
Total number of States not represented—23.  
Largest percentage of delegation—50 per cent.  
From cities of 300,000 population and over—42, or 72 per cent of the beer bloc.

As this showing of support for 2.75 per cent beer comes so largely from the largest cities of the country the following may be of interest:



Concerning all cities of 300,000 population and over.

Name of city.	Members of beer bloc.	Population, 1920.	Foreign born, 1920.	Per cent foreign born.
New York.....	17	5,620,048	2,028,160	35.4
Chicago.....	4	2,701,705	808,558	29.8
Philadelphia.....	3	1,823,779	400,744	21.8
Detroit.....	1	993,678	290,884	29.1
Cleveland.....	1	796,841	240,173	30.1
St. Louis.....	2	772,397	103,626	13.4
Boston.....	2	748,060	242,619	31.9
Baltimore.....	2	733,826	84,809	11.4
Pittsburgh.....	1	588,343	120,792	20.4
Los Angeles.....	0	576,673	122,131	19.4
Buffalo.....	2	506,775	121,824	24.0
San Francisco.....	1	506,676	149,195	27.7
Milwaukee.....	2	457,147	110,160	24.1
Newark.....	2	414,524	117,549	28.2
Cincinnati.....	1	401,247	42,921	10.7
New Orleans.....	1	387,219	27,365	6.7
Minneapolis.....	0	380,582	88,248	23.1
Kansas City.....	0	324,410	27,583	8.4
Seattle.....	0	315,312	80,976	23.4
Indianapolis.....	0	314,194	17,096	5.4

Per cent of entire population of United States, 1920, foreign born, 13.2.

#### CITIES THAT ARE FOREIGN IN BIRTH, LANGUAGE, AND IDEALS.

Of course, New York City leads in this great movement for a happy land through 2.75 per cent beer; New York City, with 35.4 per cent of its population born in some other land, coming here because of better opportunities for happiness, enjoying prosperity and privileges undreamed of across the seas, but too often determined to break down our American standards by insistence upon their Old World customs. And of that foreign-born population 479,800 came from Russia—more than from any other land. It is but idle to say that if satisfaction of their thirst for alcohol is their prime requisite for a happy land, Russia still has its vodka. In the country as a whole, according to the 1920 census, of the 1,400,489 persons of Russian birth only 40.2 per cent were naturalized—had taken upon themselves any obligation to support this country or its Constitution in war or in peace. In New York State only 43 per cent of the total foreign-born population had in 1920 become naturalized, but many are in the silk-shirt class and able to make as much noise as anybody for "light beer and wine" and their "personal liberties." In New York City the percentage of naturalized citizens among the foreign born was only 39.9 in 1920. In Chicago it was 52.7; Philadelphia, 47.5; Detroit, 36.1; Cleveland, 42.4; St. Louis, 56.6; Boston, 44.1.

The total foreign white stock in New York City, including foreign-born whites, native whites of foreign parentage, and native whites having one foreign-born parent, in 1920 was 4,294,629, or over three-fourths of the total population of the city. While "English and Celtic" was the mother tongue of only 20.9 per cent of its population, "Yiddish and Hebrew" led all with 22 per cent, and nearly one-fifth of the city was of Russian stock.

I have no attack to make upon the foreign born who has since coming to this country shown his appreciation of the opportunities here afforded him by taking up the responsibilities of citizenship and yielding respect and obedience to our laws. But I do not want them to run the country and nullify the Constitution before they can speak our language or will promise support to our laws and institutions. If we did not have this great foreign-born and still alien population in our largest cities, disrespect for our laws would not be the problem it now is.

#### THE RADICAL WING OF THE WET BLOC.

I should not overlook the fact that 2.75 beer has not enough "kick" for all of the 58, and so they dropped in their bills for beer—with their left hands 22 dropped in bills for 4 per cent beer and 10 per cent wine, and in this were joined by 2 others. This radical wing of the wet bloc calls for 4 per cent beer and 10 per cent wine or cider—

which such liquids are manufactured, possessed, offered for sale, sold, purchased, or transported solely within the territorial limits of any State which shall first by appropriate legislative action authorize such manufacture, possession, sale, purchase, and transportation of such liquids and shall fix the alcoholic content thereof within the above limitations, it being the intent and purpose of this act that each State may by appropriate legislation authorize the manufacture, possession, sale, purchase, and transportation solely within the limits of its own territory of the above-mentioned liquids, containing alcohol not exceeding by volume the above limitations of percentages and under such and further limitations, restrictions, and regulations as to places of sale and consumption, licenses, permits, bonds, penalties, and nature and marking of containers as such State shall enact."

The radical or 10 per cent wing analyzes as follows:

Connecticut (out of five Representatives): O'SULLIVAN—1.  
Massachusetts (out of 16 Representatives): CONNERY, GALLAGHAN, and TAGUE—3.

New Jersey (out of 12 Representatives): MINAHAN and O'BRIEN—2.  
New York (out of 43 Representatives): BLACK, BLOOM, BOYLAN, CAREW, CELLER, CLEARY, CORNING, CULLEN (not on the 2.75 per cent list), DICKSTEIN, GRIFFIN, LINDSAY, MEAD, O'CONNELL, O'CONNOR, OLIVER (not on the 2.75 per cent list), PRALL, QUAYLE, SULLIVAN—18.

Total, 24.

Total number of States represented, 4.

Total number of States not represented, 44.

Largest percentage of delegation, 44 per cent.

From cities of 300,000 population or over, 19; or 79 per cent of the wine and cider bloc.

It is to be noted especially that the program of the 10 per centers includes authority for a State to bring back the saloon in any form desired.

The mere detail that both the 2.75 and the 10 per cent programs are unconstitutional should not prevent introducing bills to cheer the thirsty, bills truly that are guaranteed to "cheer but not inebriate."

#### THE ENTERING WEDGE.

In a copyrighted article by former Vice President Marshall, he pays his respects to nullification doctrines and programs:

I was not for the prohibition amendment when it was pending, for reasons that have nothing to do with the case now that it is a part of the Constitution, but I am for the amendment now, for the laws enacted under it, and for strict observance and strict enforcement of prohibition.

It annoys me to hear it suggested that we ought to loosen up the Volstead Act so as to permit the use of beers and light wines when the looseners are habitual users of Scotch whisky and never tasted either beer or light wine in their lives. Their kick against prohibition is to get a kick in their stomachs. Undoubtedly they are seeking an entering wedge.

Really, I do not understand some of the arguments that are being advanced. I am told, for instance, that there is more drinking now than there ever was before prohibition. This I strongly doubt. If it is so, the sale of cloves, spices, and other breath sweeteners must have kept pace with the sale of liquor.

I move from one part of the country to another, making what I hope is an honest living. I used to see hundreds of men partly or wholly intoxicated. The odor of the smoking room in the Pullman cars reeked with liquor. Drunken brawls everywhere I went were not unusual.

All this has changed, according to my observation. In 50,000 miles traveled the last three years I have seen but one man that I believed was intoxicated. I have seen no fight; I have rarely detected the odor of intoxicating liquor.

Some few persons may be drinking more than they did before the amendment, but most people are drinking less. My view is that most persons are not drinking at all.

I am told in other quarters that there should be a loosening up of the law because everyone is getting all to drink that they want, anyway. This argument is unique, but it does not appeal to me—in fact, it runs counter to my own experiences in life.

Whenever I can get all I want of what I want I do not waste my time in trying to find out whether the other fellow desires what I desire and in engaging in a crusade to provide him with it if he does.

The law of my life has been to let the fellow who does not have and can not get what he wants make known the fact that he desires it and is unable to secure it, and to make his own fight to obtain it.

#### BEER, WINE, AND BOOTLEGGING.

Winking one eye, your beer and wine proponent is apt to justify his program as one to eliminate bootlegging and use of strong liquors. But they know, and we know, that in real purpose it is the entering wedge, the wooden horse, admission of which endangers the whole citadel of prohibition and would be ineffective so far as illicit sale of distilled liquors is concerned. In fact, in a moment of frankness, Dr. John H. Slevin, president of the Michigan division of the Association Against the Prohibition Amendment, said in an article on "The light wine and beer program," in the Detroit Saturday Night of September 22, 1923, speaking of this proposed beer and wine law:

There is one thing the law can not stop. That is the manufacture and consumption of "moonshine hooch" and "white mule." The appetite for these beverages has been created.

This beer program in the United States is copied directly from Canada. When prohibition was seemingly inevitable in

Quebec, in 1918, the brewers brought such pressure upon the government that a prohibitory law announced to become effective the following spring was withdrawn. The following referendum was submitted to the people: "Is it your opinion that the sale of light beer, cider, and wines, as defined by law, should be allowed?" The beer was to contain not more than 2.51 per cent of alcohol and the wine 6.94 per cent by weight.

The same arguments now used in the United States were put forth by the brewery publicity agencies and the measure carried. Beer with the 2.51 limit was too light, however. The people would not drink it. The alcoholic content was increased until there is no limit. The greater part of the beer contains from 6 to 8 per cent and much of it from 10 to 12 per cent alcohol. With this higher alcoholic content, the consumption was multiplied four-fold in the first year following this increase. Brewery stock which sold at \$15 a share when the 2.51 beer was being made jumped to \$185 under the profitable impulse of the higher alcoholic content. Drink cost the province of Quebec \$28,000,000 in 1922.

British Columbia, with a government-control system adapted from the Quebec plan, has been forced to keep its liquor shops open during hours when they would otherwise have been closed because of the competition of bootleggers. Sale of wine, beer, and stronger liquors do not materially decrease illicit competition.

In its second annual report, the liquor control board of the province of British Columbia, says on page B7:

In the stores conducted by three or more employees arrangements were made for keeping such stores open throughout the week, it being felt that service to this extent was necessary to offset the activities of the bootlegger.

And again, in the same report, "the bootlegger"—now a recognized 'international pest' on the American Continent—has proved his ability to provide increasing embarrassment to all classes of officials directly or indirectly concerned with the administration of liquor laws. Whether it occurs in a 'wet' or 'dry' territory, the illicit sale of liquor is a continuous source of trouble."

#### THE LIQUOR TRAFFIC WILL OBEY NO LAW.

The evil effect of even so slight a wedge as permitted operation of breweries and distilleries for export only is working havoc in law enforcement in Ontario. Note the following, from the Christian Science Monitor:

TORONTO, ONTARIO, February 25 (special correspondence).—That the police of Toronto have a hopeless task in enforcing the Ontario temperance act as long as the distilleries and breweries are allowed to make and ship liquor through the Province, is emphasized by the chief of police in his annual report for 1923. From the report the figures show that the police are rigidly enforcing the Ontario temperance act. There were 904 prosecutions as against 712 in 1922.

"The act is being energetically enforced," states the chief, "but it would seem that the police have a hopeless task as long as distilleries and breweries are making and sending out large quantities of liquor, presumably for export, but which often never get beyond the boundary of the Province. I offer the suggestion that if the immigration act could be so amended that aliens could be deported for breach of the statute this would to a large extent reduce breaches of the Ontario temperance act, as most of the illicit liquor business is being conducted by foreigners."

#### CHARLES EDWARD RUSSELL ON BEER IN ENGLAND.

Now, speaking about beer making a land happy, we might well hear from Charles Edward Russell on that issue. A world-famous journalist, evidently not an advocate of prohibition, he startled many by his article "Is the world going dry?" in the January Century Magazine. Of England, the land of beer and ale, he says in part:

But the wisdom of one generation is the blithesome jest of the next. Ten years ago wisdom was equally sure of the United States and on grounds as good. These confident deductions that Europe is all walled and mounted against prohibition may be all wrong; ominously, European faith in them has been waning of late. Slowly, thoughtful men abroad are coming to see that forces are at work stronger than brewery trusts, stronger even than the ancient habits of races. As such men reflect upon certain manifest conditions now developing in this world the advertised failure of prohibition in America begins to lose its point. In the way alone important to economic Europe prohibition has not failed in America but has eminently succeeded. The only test of prohibition that counts is economic, and Europe is getting ready to own, in ways to cause some astonishment, that under such proving American prohibition stands up well.

The bitter crisis that came upon Great Britain and menaced her life when the World War was 6 months old was born chiefly of her lack of all things with which nations fight on land. Continental countries had ample stores of munitions and ample machinery to make more. Great Britain had neither. In the appalling emergency that followed, while commanders on the front begged and implored for shells, and there were no shells, the labor of every man that produced anything, and every minute of that labor, became of vital importance.

Not only of the men that produced shells or rifles, but of every man that produced food, clothes, shoes, coal, or what else; if he were not making shells he might be making food to feed the shell makers. Efficiency in production suddenly loomed upon statesmen as the substance of the whole situation. Upon it hung the nation's life. Newspapers and Parliament discussed the conditions that blocked the way to this efficiency, the time of miners between pit mouth and vein, for instance, the regulations of unions, the need of machinery, but above everything else and at all times stood out the national drink habit as chief enemy to topmost output. Whether statesmanship believed or disbelieved in prohibition as a principle mattered nothing; there were the facts with which the Government had to deal. Workingmen whose brains were dulled with beer were inefficient producers. At a time when every second was precious to the national welfare beer was causing the loss of time that mounted into the equivalent of months. It was largely because of beer that commanders were clamoring in vain for shells, and the western front was often silent for their lack.

Records kept at munition and other factories showed that week after week normal production was never attained before Wednesday. Everywhere the figures for Monday and Tuesday were below the mark; often 22 per cent or even more on Monday, 10 per cent on Tuesday. The reason was that on Monday many workers came to their work still unsettled from their exploits of Saturday night and Sunday with the clinking cannikin; came unsettled, or did not come at all, for the absences on that day were pestilential. Even by Tuesday many had not rebounded to their natural tension. It would be monstrous, of course, to affirm or to suggest that drunkenness was the rule or even common among British workers; but drink was common, and it was drink that worked this havoc.

The noon hour, with its pot of beer and bit of cheese, time out of mind the poor worker's luncheon, was another disaster. Everywhere the first two hours after luncheon were hours of slackened production at a time when moments were like diamonds and there were no shells for the western front. "Drink in England is Germany's most powerful ally," said the prohibitionists, and there was no gainsaying their indictment. Experiment showed that where men could be induced to pass up the beer at noon there was no complaint about slackened production for the rest of that day.

In this crisis the skill that steered the affairs of the nation was great. Any attempt to abolish beer would be full of peril. In 1915 the working population as a whole had no great zest for the war, anyway; the loss of its beer it would have regarded as an intolerable addition to the troubles it was already bearing. Thus the Government would be raising one of those domestic issues it most wished to avoid. Without tempting this besom of destruction it met the requirements of the case not by taking beer away from workingmen but taking alcohol away from beer.

Under all these innovations drunkenness almost disappeared from the nation, as may be seen from this table covering six years in England and Wales:

Convictions for drunkenness.

Year.	Male.	Female.
1913.....	153,112	35,765
1914.....	145,517	37,311
1915.....	102,000	33,211
1916.....	62,946	21,245
1917.....	34,103	12,307
1918.....	21,853	7,222

Deaths from alcoholism.

Year.	Male.	Female.
1913.....	1,112	719
1914.....	1,135	680
1915.....	807	584
1916.....	620	333
1917.....	358	222
1918.....	222	74

In all the United Kingdom the total proceedings for drunkenness were 374,749 in 1913 and only 71,306 in 1918.

Something, though not much, is to be allowed from these figures because in 1918 a million men or more were out of the country. We are to note, also, that in 1919, with the extending of the hours of



sale and with the Bacchic joys of post-war reunions, the convictions for drunkenness rose to 46,765 for men and 11,183 for women. Yet remains the pregnant fact that for the population at home 1918 was the year of greatest sobriety the country had ever known, and the foregoing recital shows why it was sober.

It was also the year of the greatest production efficiency. Production kept even pace with sobriety.

The lesson of this demonstration was not lost. In the present stage of our industrial civilization no such lesson could possibly be lost. Production means too much to the world, and what affects production is too profoundly important. The truth is a force has come upon human society more potent than guns, armies, governments, press, or public opinion. It is this indeterminate and almost incalculable power of production needs. Certain basic products mankind must have; as population increases and distribution becomes more complicated, so the more imperative become these demands; and on the supplying of them rests, not without peril, the whole business superstructure.

#### THE SNEER AT AMERICA'S REMEDY FADES.

"The land of the free—where a man can't get a drink," was at first a favorite sneer of the complacent Briton as he read of America's draconic remedy for the inefficiency bred by drink. It is a sneer that in these days is fading from British lips. Efficiency is promoted by the taking away of part of the alcohol. Does not that indicate surely the taking away of the rest? And to that question no one has been able so far to frame a really apt negative.

On December 1, 1917, eight months after we entered the war, President Wilson gave the last-needed touch to the argument by suspending by proclamation the brewing of beer and establishing about coal mines and munition plants a state of absolute prohibition of all liquor.

When war-time prohibition succeeded, it merely confirmed all this. Every condition of industrial production notably improved wherever the saloon was abolished. Without expense the yield of mine or factory was enlarged. Employers had the equivalent of an increased force of workers without an increase in the pay roll. For years augmented production efficiency had been much in the thought of every wise manufacturer. How many "speeding-up" systems, how many well-devised plans of premiums and rewards had been proposed, how many strikes they had caused or threatened, memory flags to recall. Now, all these ends were achieved by the simple and inexpensive means of throwing out the beer can. Under such conditions the beer can was out to stay out.

The theory of prohibition may be good or bad; it is to the physical fact of prohibition that we chiefly owe the strangely placid economic waters in which we now navigate. At a time of profound agricultural depression all other industry should suffer. Other industry does not suffer now, but does more than usually well because increased production efficiency enables production to stand the strain of raised wage levels.

Foreigners are beginning to note these facts, even if we ignore them. After two years of American prohibition Mr. G. C. Vyle, a British business man and antiprohibitionist, came to this country to observe the workings of the new reform. On his return he was quoted as declaring in a speech at Birmingham that 7 American workmen with the same plant, same materials, same facilities, would produce more than 10 British workmen.

Mr. C. A. McCurdy, member of the British Parliament from Northampton, was lately quoted as saying to the business men of Leeds, England, that the American worker was producing, man for man, three times as much as the British worker, and he gave figures from the shoe industry to enforce his statement. He added that while in Great Britain the average output of coal had declined from 312 tons a year for each miner to 259 tons, the average output in the United States had increased from 400 tons for each miner to 681 tons.

But the next link in the progression is still more interesting, still more suggestive. In our industrial civilization the international struggle for markets grows every day more intense. Production efficiency is production economy. By exactly how much American prohibition has increased American productive efficiency is still to be put into figures, but we know enough about it to know that it is an increase of momentous importance in the world-wide market arena. Even those that have estimated the gain at 30 per cent may not be extravagant. One thing that is clear is that it has put America into a position she never before occupied in these contests.

That being the case, we should note next the advance prohibition sentiment seems to be making in Europe. When the British Parliament is in session hardly a day passes without discussion or mention of the subject, and from hour to hour across the debates grows the shadow of an obvious uneasiness. Like a graveyard whistle sounds now the once confident assurance that Britons never, never will suffer life without beer, while 207 societies in England alone are working for prohibition.

It is also notable that Lloyd George, so recently a visitor here, said in a speech yesterday in an English city, "America got more out of the war than any other nation—it got prohibition."

And recently the *Lancet*, a leading British medical journal, in a review of *The Action of Alcohol on Man*, a book promoted by liquor interests, says: "Nowhere in the book is there any attempt to balance the cheerfulness and sociability engendered by the week's beer against the desirability of, say, the repair of a child's boot."

#### QUEBEC—A LAND MADE HAPPY BY BEER AND WINE.

And something about the blessings being experienced in Quebec under beer and wine is worth while. In November, A. B. MacDonald, special writer for the *Ladies' Home Journal*, wrote a terrific indictment of conditions as he found them in that supposedly idyllic Province. Robert Lipsett, city editor of the *Montreal Star*, had the temerity to challenge MacDonald's statements, and has brought out a supplementary statement from MacDonald, published in the *Detroit Saturday Night* of March 1, 1924. It is to be presumed Lipsett has had enough and his lips will be truly set hereafter, and his brewery pen as well. MacDonald says in part:

In fact, I made two visits to Quebec and spent five weeks there in all, two weeks of which was spent in the city of Montreal. I was in hundreds of the saloons and night clubs and bootlegging clubs of Montreal, in the slums, and in the best districts of the city, for those night clubs are everywhere, some of them undisguised dives, and some silken-lined dens in the heart of the city. I was in nearly every town in Quebec that has a government liquor store and I was in towns and rural districts where the people had fought to keep them out.

Mr. Lipsett says he does not believe my statement that "I saw hundreds of women drinking; many of them were mere girls, and fully one-third of them were drunk."

Well, if Mr. Lipsett won't believe me, maybe he will believe one of the editors associated with him on the *Montreal Star*, Mr. R. L. Werry, who wrote a book last year—*The Liquor Traffic in the Province of Quebec*. On page 27 of that book Mr. Werry, writing about the shady restaurants in Montreal, where groups of young boys and girls gather to drink and carouse, says:

"Five times in the last 10 days one restaurant had been raided. Each time the raiding squad found from eight to a dozen youths and girls of ages ranging from 14 to 19, piled into a private room designed for four people, and in this restaurant there are seven of such rooms. A list of 27 cafés of this character was sent recently to the Government in Quebec."

I have a letter from R. L. Werry, one of the editors of the *Montreal Star*, in which he says:

"I wish to stress, above all, the correctness and good judgment in which you presented the facts to your readers in your article 'Whirlpools of beer,' notwithstanding the statements of interested parties to the contrary. The people of this city and Province are under a great obligation to you for the service you have rendered the home, the child, and the cause of morality. Everywhere in Quebec your article is quoted as authority in meetings and in private conversations; and I know, from my own personal observations, that your article about the workings of Government control of liquor here is true in every particular."

I have another letter from John Gardiner, associate editor of the *Montreal Standard*, stating that my article was true and that it underestimated the evil rather than overestimated it.

The *Montreal Witness* reprinted my article in full and made editorial comment upon it in several different issues, always commending it for its truthfulness.

I have a letter from the Rev. E. I. Hart, D. D., who conducts an editorial page in the *Montreal Witness*, in which he says that everything I wrote about the liquor evil in Quebec was true and that he has seen everything I described, the drunken men and all the other evils.

Since I wrote my article Cardinal Bégin, head of the Roman Catholic Church in the Province of Quebec, has issued a letter to the faithful of the Province warning them of the growing evil of drink and admonishing them to sobriety. What has Mr. Lipsett to say to that?

A commission of Scottish churchmen toured Canada and the United States last summer investigating the workings of prohibition and the liquor-control system in parts of Canada. Its report about Quebec, made since I wrote my article, says:

"The commission was deeply impressed with the results of the liquor-control system as reflected in the unsatisfactory social conditions of Montreal. The commission saw little difference between conditions there and conditions prevailing in cities where the open bar is in existence. The 'taverns' in Montreal are chiefly crowded into the poorer districts and business sections of the

city, where intoxicated men are to be seen in the streets. Montreal, it may be stated, is the only city on the North American Continent where legalized vice is permitted."

Just recently R. L. Calder, K. C., crown prosecutor, of Montreal, speaking before the Canadian Club in that city, said that the loot from crime and criminal actions in Montreal, the profits of bootleggers, political graft, and all the by-products of crime were a heavy tax on honest industry, heavier in Montreal than in any other city in America. Mr. Calder compared the safety and certainty of punishment in England with the lack of both in Montreal, and remarked that he would be safer in the neighborhood of the docks in London at midnight than he would be at noon in some of the downtown sections of Montreal.

I clipped that item from the Montreal Star of February 4. Does Mr. Lipsett say that their own honored crown prosecutor has slandered Montreal?

The facts are that in Montreal there are 300 beer saloons licensed to sell strong ale at 5 cents a glass, and that it is a very intoxicating beverage. In addition there are 500 grocery stores that sell this strong ale by the bottle to families, as potatoes and bread are sold. Then there are a great many cafés where this strong beer is sold with meals, and I have it on good authority that there are 200 unlicensed bootlegging joints, that stay open all night, besides a dozen or more Government stores, where hard liquor is sold by the bottle, and two of those liquor stores are "women's stores," where the women of Montreal can go and buy their booze without being stared at by men.

Now, I submit these facts to any fair-minded person, and say that where there are so many drinking places there must be much drinking. It costs money to run a beer saloon. There is the license and the rent and the wages to pay; the competition is keen, and they have got to sell a whale of a lot of beer to make both ends meet; and I contend that where there is so much drinking there must of a surety be a lot of drunkenness and poverty and misery and want and neglect of children and cruelty to women and hardships of all kinds that always follow the open saloon.

Whether a man had been there and seen it or not, he knows from the very fact that there are so many drinking places that there must be all the evils of drunkenness in its train. That is self-evident.

But I have been there and seen it.

#### A BEER-SOAKED GOVERNMENT WITH BEER SUPREME.

There is one place in the very heart of Montreal, a very large hall, up one flight of stairs, all hung with silken curtains and oriental lanterns and Japanese parasols, where the lights burn low, and there are far corners deep in shadows, with tables where men and women sit and drink, and in the center a dance floor that is flooded with lights from above, and there women who are almost naked twist and wriggle in sensuous dances. I was there two nights until long after midnight, and I saw many women drunk. I saw two women so drunk that they leaned over the tables and vomited on the floor. I saw a girl so drunk there that she collapsed on the dance floor and was carried off.

John Gardiner, Mr. Lipsett's fellow editor, told me it was this place he had in mind when he wrote in the Montreal Standard April 7 last:

"Daughters of prominent men, led away by the attractive glare of the bright lights, flutter into the web; sweet young girls, the pink flush of childhood still on their cheeks, are bought and paid for by pusillanimous male beasts. While Montreal slumbers the all-night clubs and dance halls trade in souls."

I have seen the night life in the cabarets of New York City, but I never saw anything anywhere that, as a deliberately contrived and set trap for the enticement and ruin of girlhood, equals this oriental hootchie-cootchie joint in the heart of Montreal.

I have seen Cripple Creek and Deadwood and other gold camps of the West in their wildest days. I have seen the vice and drunkenness of the new oil camps of Oklahoma and Texas in their wildest days. I knew the New York Bowery when there was a saloon in almost every building for blocks. I have seen drunkenness and vice and squalor and degeneracy, but I never saw anything that was as bad as the legalized red-light district of Montreal, with its 3,000 lost women, nine-tenths of whom filtered down to that abyss from the drinking places, the all-night clubs of Montreal.

I was told by a woman newspaper reporter of Montreal that she had seen in the night clubs of Montreal fully 1,000 women drunk, altogether. Mr. Lipsett says of that:

"The person is not alive who has seen 1,000 women drunk in Montreal."

In one night I saw 100 women drunk in Montreal, and I will venture to say that there is never a night when there are not 1,000 women drunk in that red-light district of Montreal that covers whole miles of territory. I believe there are hundreds of persons living who have seen 1,000 women drunk in Montreal.

The Star conducted a symposium for weeks afterwards, in which it quoted practically all the leading men and women of Montreal in their demands that the city must be cleansed and the red-light district must go.

But it has not gone. The reason is that the abandoned men and women of that district drink so much beer. They are the source of a great revenue to the brewers of Montreal, and the brewers control the government of Montreal and of the Province of Quebec.

It is a beer-soaked government, and in Montreal beer is more powerful than even the Montreal Star.

Happiness for our land does not lie in that direction.

#### PROHIBITION IS MAKING THIS A HAPPY LAND.

One of the greatest local charitable organizations in America is McGregor Institute, in Detroit. Its last annual report, for 1923, says in a review of "some results of prohibition":

When the open saloon was a part of the life of Detroit, over 90 per cent of the homeless men who sought shelter at McGregor Institute and other charitable agencies were victims of its influence.

Since the Michigan State prohibition law went into force, May 1, 1918, a gradual change has been effected in the personal appearance and habits of these men, but because it has been gradual, rather than sudden, the extent of the revolution has not been fully realized. To aid in understanding what has taken place a comparison is here given of the work at McGregor Institute for the five years before prohibition, 1913 to 1917, inclusive, and of the five years since 1919 to 1923, inclusive.

The number of different men averaged 20,923 per year for the five-year period before prohibition, and 12,733 for the five years following prohibition. Daily arrivals averaged 37,406 before and 20,941 after prohibition, while the figures for repeaters from former years were 3,881 as against 1,577. Although the number of different men dropped so decidedly, total guests increased from 167,927 per year before, to 192,954 after prohibition. From the foregoing it is apparent that the number of men who frequent McGregor Institute has been reduced since prohibition came into existence, while their length of stay has been increased from an average of four days per man to eight days.

A substantial increase in individual prosperity is evidenced by—

(1) The falling off of destitute lodgers from 45,286 annually before prohibition to 33,042 after.

(2) The increase in money left for safekeeping overnight from \$7 to \$25 per depositor.

(3) The decrease in requests for cast-off clothing from 2,757 per year to 1,065.

(4) The increase in payment for lodgings from 5 per cent to 12 per cent of those trusted.

A decided improvement in the health of men at McGregor Institute is shown since prohibition. From 1913 to 1917, inclusive, the average number of men per year applying to the institute physician for special medical treatment was 5,247, and from 1919 to 1923, inclusive, 1,706.

Records of separate illnesses are not available for the entire period covered, but a comparison of December, 1917, the last month of the preprohibition period, with December, 1923, the last month of the post-prohibition period, reveals a decrease in venereal cases from 18 to 6, a decrease in gastrointestinal cases from 46 to 12, a decrease in skin troubles from 199 to 56, and a decrease in minor surgery from 280 to 24.

The shift of ages since prohibition has been toward younger men. For the five-year period before 1918, 50 per cent of institute lodgers were under 30 years and 1.8 per cent over 60, while for the five years after 1918, 55 per cent were under 30 and 1.2 per cent over 60.

The most striking immediate effect of prohibition on the work at McGregor Institute has been in its religious department. Total chapel attendance for 1919, the first calendar year after prohibition, was 10,000 less than for the year 1918, although there were 71,000 more men in the building.

It is institute experience that most men seek religious aid only when shattered in body and purse—hungry, poorly clad, nervously weak, penniless—and this condition was intensified and widespread previous to prohibition. Accustomed to think of religion as something for material relief only, it was natural that the transient man at first should avoid it as his acute need for physical aid lessened.

With the removal of the saloon, gradually the deadening effect of alcohol on the minds and hearts of men has been lifted, and religion now appeals as a broader and more spiritual aid. There is evident a more alert and less spoiled outlook on life, and sober men with clear minds make more intelligent and more permanent decisions than those under the influence of alcohol.

The steadily increasing chapel attendance from 14,439 in 1919 to 29,793 in 1923; the increase in the number of men who sought the religious-work director for instruction in Christian living from 397 to 1,330; and the increase in the percentage of these seekers, from 2.7 per cent in 1919 to 4.4 per cent in 1923, together with a more cordial attitude toward all religious services, confirm the belief that a higher type of manhood is in process of development since prohibition came into effect.

That more reliable and efficient workers and more intelligent and useful citizens are developing, McGregor Institute believes it is reasonable to conclude from its experience—



- (1) A decrease of 39 per cent in the number of different men.
- (2) A decrease of 44 per cent in daily arrivals.
- (3) A decrease of 59 per cent in repeaters.
- (4) A decrease of 27 per cent in destitute lodgers.
- (5) A decrease of 61 per cent in requests for clothing.
- (6) A decrease of 67 per cent in men requiring medical treatment in the five-year period since prohibition as compared with the same time before.
- (7) A steady increase of 106 per cent in chapel attendance from 1919 to 1923.

In drawing its conclusion, McGregor Institute realizes that other factors are at work, but even after allowing for such causes, as the increase in general prosperity and the growth of knowledge, the results are in such striking contrast to open saloon days that prohibition justly deserves a very large share of credit in bringing about this improved condition, and better men should be a natural and lasting result.

The wet stronghold of Rhode Island, where the eighteenth amendment has not yet been ratified, contributes testimony to the efficiency of prohibition by abolishing its State workhouse.

Since prohibition came committals to the workhouse have decreased 72.5 per cent. With the completion of the new wing at the State prison and the establishment in it of the reformatory for men, the few committals from the courts to the workhouse will be received there, but a separate institution will no longer be continued.

In the 52 years of its existence the State workhouse has received 31,385 prisoners. In the four years of prohibition the average occupancy of the workhouse was 58.2. For the 10 years previous to the prohibition period the average was 211.4.

This disclosure is made in the report to the State Welfare Commission of Warden Charles E. Linscott, in charge of the penal institutions. That the condition is due entirely to prohibition, he states, is shown by the fact that the State workhouse was the place to which were committed men convicted of being common drunkards, of vagrancy, of being "idle persons without visible means of support," of nonsupport and of being sturdy beggars, or offenses directly traceable to drink.

To remove any question of the cause of the falling off in committals Mr. Linscott goes into the history of the workhouse from its establishment in 1872. In the first year the committals numbered over 100 and increased gradually until in 1914 they totaled their highest, 240. For the first time thereafter, in 1918, the year's total dropped to less than 200 and was recorded as 153. With the advent of prohibition, effective war-time prohibition, the committals in 1918 fell to 18. The greatest number of committals in any one year since has been 77, which is a total less than two-thirds of the smallest preprohibition year.

In the House of Correction, to which women are committed for offenses similar to those for which men were sent to the workhouse, the report adds, the decrease in occupancy has been so great with prohibition that it has been necessary to discontinue the work of shirt making by power-driven machines because the inmates number now only enough to do the ordinary household work with the laundry and greenhouse work to be done. The decrease of women prisoners has amounted to 60 per cent, the average for four years of prohibition being 23.7, as compared with an average of 60.7 during the preceding 10 years.

This record obtains in a State which had no concurrent prohibition law until 14 months ago.

Prohibition has not caused any decided increase in drug addiction. Ninety per cent of our addicts have a habit dating back to the days before prohibition.

This is a finding of Dr. Charles E. Sceletch and Dr. Sydney Kuh, of Chicago, writing in the current issue of the Journal of the American Medical Association on Drug Addiction. Their article, they note—

is based on the experience of the last 20 years, during which time more than 5,000 patients addicted to morphinism were treated.

In the same issue Dr. Carleton Simon, of New York, says:

In the city of New York narcotism has decidedly decreased during the last three years. This is evidenced by the fact that a beginner is now rarely found among the addicts recently apprehended.

Doctor Simon is special deputy police commissioner in charge of the narcotic division of the New York City police department.

The Associated Press carried this from Philadelphia, dated February 19, 1924:

PHILADELPHIA, February 19.—Deaths from alcoholism in Philadelphia decreased more than 85 per cent in the first six weeks of 1924, in comparison with a similar period last year, Frank Paul, chief in-

vestigator of the coroner's office said to-day. Mr. Paul attributed the reduction to Director of Public Safety Butler's campaign against lawbreakers.

Reports showed 150 deaths due to alcohol during the first six weeks of 1923, Mr. Paul said. This year but 27 have been reported, and 11 of these were due to accidents resulting from intoxication.

"The police battle against lawbreakers," declared Mr. Paul, "is putting out of business the places and persons dealing in liquor, and it is frightening the public through fear of arrest. The fact that the majority of liquor deaths this year occurred early, while their frequency is steadily becoming less, shows the effect of General Butler's drive."

There is no doubt about the effectiveness of prohibition in making our land happy. It is only enforcement that is sometimes not effective.

Eloquently and succinctly did Lloyd-George sum up America's progress toward national happiness in a recent speech in Parliament in connection with the proposal for local option for Wales. The report in Law Times summarizes his speech:

He thought no one could deny the magnitude of the drink evil. It was true that during the last few years there had been a considerable reduction in the drink bill—not in cash but in quantity. But that improvement had been effected very largely by the action of the House in increasing taxation, restricting facilities, diminishing the alcoholic strength. The drink bill amounted to £400,000,000, or, if taxation was deducted, £200,000,000. He took a serious view of the industrial position of the country. He did not like the remedy suggested by the Prime Minister, but he agreed with the right honorable gentleman that the situation was serious and required to be grappled with. In such a situation we could not afford to carry a drink bill of £200,000,000 a year. (Hear, hear.) What had struck him more than anything else in the United States was that the practical business community were behind drastic temperance legislation. It was not brought about by parties, but by the business community, who were convinced that something had to be done; and now, he was told, 75 per cent of the business community would oppose the rescinding of that law. Its effect had been very great in the diminution of crime, an increase of building, and an enormous increase of trade, because the people had more money to spend. He was told that the children in America had never had such a good time since the creation of the world.

And it is to be noted that the liquor interests, international as they are in their organization and affiliations, and who now propose "local option" and all kinds of referendums to the people, in England fight just as bitterly against anything of that kind as they used to do in this country when they were in control, and were able to defeat Lloyd George and Lady Astor, for a time further, in their desire to free communities in Wales.

The industrial prosperity of the United States, which was said by Charles Edward Russel, in his article which I have quoted, to be chiefly due "to the fact of prohibition," is emphasized by the Federal Reserve Board in the January Federal Reserve Bulletin. It is said:

In the business and banking developments of the year 1923, the outstanding fact has been the high level of industrial and agricultural output and the demand for bank credit to finance a volume of production and trade never previously equaled. Throughout the year the buying power of consumers, arising out of practically full industrial employment and increased income of farmers, has been reflected in a growth of retail trade and in a more active distribution of merchandise than in any other year. \* \* \* The year, taken as a whole, has been one of unparalleled industrial and trade activity.

In the Saturday Evening Post for March 1, 1924, is an interesting article by Felix Isman, "The effect of prohibition on reality values." It is really a story of happiness and prosperity brought to a nation through sobriety, thrift, and industry under national prohibition. How every line of lawful industry has been made more prosperous is sketched, the help to healthful recreations, the greater comforts, the more happiness. Of home owning, fundamentally important for a happy land, he says:

Many elements enter into the ever-increasing demand for better and more housing. Let no one say it is absurd that prohibition had a dominant part. John Workingman has more money to-day than he has ever had in the history of the country and probably in the history of the world, and the elimination of John Barleycorn for John Workingman probably means an additional room at least to his living quarters. My opinion of the housing situation is that prohibition has created, through its success as a money saver, a tremendous impetus in the mind of the latent home seeker, the desirability of investing his savings in some place where he knows he can find shelter, without the drag of the payment of rent, as quickly as possible, and he has

become luxurious in his demands; not luxurious to the point of wastefulness, but he wants more elbowroom. He now has the money to pay for it and he is getting it.

He concludes:

From the time the Volstead Act went into effect, it has been a prime factor in the real-estate business. The corpse of Demon Rum has been handled almost as successfully as that of the porker—but no pig ever had so many unexpected by-products as prohibition. It will be interesting to see how many more are yet to turn up.

Years ago the first Armour said one used everything about the pig but his squeal; the realty expert did more than that with the realty used for liquor purposes—he utilized the squeal.

The noted surgeon, Dr. Howard A. Kelley, of Johns Hopkins University, says in the February issue of Health:

The invocation of the vanished intoxicating beverages by a handful of men who are fanatics about drink is doomed to a dismal failure, for no little group of liquor dealers or addicts can rule this vast Nation. In clearest terms, the majority has spoken in terms of law. That majority has borne in patience the persistent lawless attempts to nullify its will. To-day, in tones heard in every State of the Union, that majority voice is speaking ever more loudly for enforcement and yet more enforcement, for prohibition means health, wealth, morality, and happiness to an entire Nation of over a hundred million souls.

State after State has repudiated the beer-and-wine entering wedge for John Barleycorn, and our Nation will let the 58 bills for 2.75 beer lie in capacious pigeonholes while the eighteenth amendment goes on in the great experiment to make this a sober, happy Nation.

The SPEAKER. The time of the gentleman from Michigan has expired.

#### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested.

S. 365. An act for the relief of Ellen B. Walker.

#### ENROLLED BILLS SIGNED.

Mr. ROSENBLUM, from the Committee on Enrolled bills, reported that they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 4121. An act to extend the provisions of certain laws to the Territory of Hawaii.

S. 2014. An act to authorize the Park-Wood Lumber Co. to construct two bridges across the United States Canal which connects Apalachicola River and St. Andrews Bay, Fla.

#### SENATE BILL REFERRED.

Under clause 2, Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 365. An act for the relief of Ellen B. Walker; to the Committee on Claims.

#### ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. ROSENBLUM, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States, for his approval, the following bills:

H. R. 4807. An act granting the consent of Congress to the State highway commission of Louisiana to construct, maintain, and operate a bridge across West Pearl River in the State of Louisiana.

H. R. 4808. An act granting the consent of Congress to the construction, maintenance, and operation of a bridge across the Pearl River between St. Tammany Parish in Louisiana and Hancock County in Mississippi.

H. R. 3681. An act to authorize the building of a bridge across the Waccamaw River in South Carolina.

H. R. 3265. An act to authorize the construction of a bridge between the Boroughs of Brooklyn and Queens in the city and State of New York.

H. R. 584. An act to authorize the county of Multnomah, Oreg., to construct, maintain, and operate a bridge and approaches thereto across the Willamette River, in the city of Portland, Oreg., in the vicinity of the present site of Sellwood Ferry.

#### REFERENCE OF BILLS TO COMMITTEES.

The SPEAKER. The Chair referred to the Committee on Banking and Currency Senate bill 2209. The chairmen of both the Banking and Currency Committee and the Judiciary Committee agree that this bill should have gone to the Committee on the Judiciary, and the Chair agrees with them. Therefore, without objection, the Chair will rerefer the bill to the Committee on the Judiciary.

There was no objection.

Mr. PARKS of Arkansas. Mr. Speaker, I make the point of order that a quorum is not present.

Mr. LONGWORTH. Mr. Speaker, I hope the gentleman will withhold that.

Mr. PARKS of Arkansas. I withhold the point of order.

#### ORDER OF BUSINESS.

Mr. LONGWORTH. Mr. Speaker, I move to dispense with Calendar Wednesday, and before the Speaker puts the motion I desire to renew my request for unanimous consent that in the event of the passage of this motion the business in order to-day be in order the next day after the conclusion of the consideration of the Muscle Shoals proposition.

The SPEAKER. The gentleman from Ohio asks unanimous consent that in case his motion to dispense with Calendar Wednesday to-day prevails, the Calendar Wednesday business of to-day shall be in order the day after the conclusion of the consideration of the Muscle Shoals bill. Is there objection?

Mr. DYER. Mr. Speaker, reserving the right to object, suppose that all of this week is consumed by the Muscle Shoals proposition, then we would lose the Calendar Wednesday for this week, would we not, if we agree to this motion, or would we have two Calendar Wednesdays next week?

Mr. LONGWORTH. The business would be in order, under my motion, on Monday.

Mr. DYER. Then we would have Monday for Calendar Wednesday and also the following Wednesday?

Mr. LONGWORTH. It would be a question of what the House desired to do. This motion would have nothing to do with that.

Mr. CRAMTON. Will the gentleman yield? As I understand, the Committee on Interstate and Foreign Commerce has the call; and does the gentleman understand that the Coast Guard extension bill is to be brought up by them on the next Calendar Wednesday?

Mr. WINSLOW. I am not prepared to say when the next Calendar Wednesday comes.

Mr. CRAMTON. I ask if it would be called up on the next Calendar Wednesday?

Mr. WINSLOW. That would now seem likely, but I would not want to commit myself entirely.

Mr. CRAMTON. In view of that fact, I think the request of the gentleman from Ohio is very desirable.

Mr. MADDEN. Mr. Speaker, of course I do not want to get in the way of whatever the plans may be, but I do want to call the attention of the House to the situation. We have a very important urgent deficiency bill pending. It is on the calendar. It carries a large amount of money for refunds, judgments, and things of that sort, much of which is drawing interest at the rate of 6 per cent. We ought not to put anything in the way of that bill after the disposition of the pending bill, if we can avoid it.

Mr. LONGWORTH. Mr. Speaker, I want to say to the gentleman that it seemed to me the importance of Calendar Wednesday this week, from what the chairman of the Committee on Interstate and Foreign Commerce told me, would have justified our not dispensing with Calendar Wednesday.

Mr. MADDEN. I do not want to get in the way, of course.

Mr. LONGWORTH. And I think we will probably finish up this week on the Muscle Shoals matter and the business of the Interstate and Foreign Commerce Committee.

Mr. MADDEN. In the meantime we are paying interest on a very large amount of money.

Mr. LONGWORTH. I am in favor of the gentleman having the floor with any appropriation bill he desires immediately after the conclusion of those matters.

Mr. WINGO. Mr. Speaker, I am interested in this question. When does the gentleman from Illinois [Mr. MADDEN] say they will bring in a deficiency bill?

Mr. MADDEN. It is on the calendar now.

Mr. WINGO. I think it ought to be passed as quickly as possible. The Government has unpaid claims 13 or 14 months old that I know of. There is no contest about them and they simply say that the Congress has not appropriated the money.

Mr. DYER. But the gentleman from Illinois, no doubt, if his bill was up next week, would ask to suspend the Calendar Wednesday of next week.

Mr. MADDEN. No; I would not.

The SPEAKER. Is there objection?

Mr. GRAHAM of Pennsylvania. Reserving the right to object, I want to enter a protest against this constant interference in Calendar Wednesday in the future because of the mass of legislation that comes from the Judiciary Committee which can not be heard except on Calendar Wednesday. The rule of the House that Calendar Wednesday shall be reserved for certain business, it seems to me, ought to be followed



strictly on all occasions, unless there is a national emergency or something like a calamity. Therefore, I object.

Mr. PARKS of Arkansas. Mr. Speaker, I make the point of order that no quorum is present.

The SPEAKER. The gentleman from Arkansas makes the point that no quorum is present. Evidently there is no quorum present.

Mr. LONGWORTH. Mr. Speaker, I move a call of the House.

The motion was agreed to.

Accordingly the doors were closed, the Sergeant at Arms was directed to bring in absent Members, and the Clerk called the roll.

The following Members failed to answer to their names:

Anderson	Darrow	Johnson, Ky.	Perlman
Anthony	Davey	Johnson, S. Dak.	Phillips
Berger	Dempsey	Kahn	Porter
Black, Tex.	Dickinson, Iowa	Kvale	Quayle
Boies	Dickstein	Langley	Reed, W. Va.
Brand, Ohio	Drewry	Lindsay	Rouse
Britten	Eagan	Linthicum	Sears, Fla.
Browne, N. J.	Edmonds	McClintic	Taylor, Colo.
Buchanan	Free	McFadden	Thomas, Ky.
Buckley	Fuller	McLaughlin, Nebr.	Tydings
Byrnes, S. C.	Fulmer	Mooney	Underhill
Canfield	Funk	Nelson, Me.	Upshaw
Carter	Gifford	Newton, Mo.	Vare
Connolly, Pa.	Goldsborough	Newton, Minn.	Ward, N. Y.
Crisp	Greene, Mass.	Nolan	Welsh
Crowther	Griffin	O'Brien	Wertz
Cullen	Hooker	Oliver, N. Y.	Zihlman
Curry	Jacobstein	Patterson	
Dallinger	Johnson, Wash.	Perkins	

The SPEAKER. Three hundred and fifty-six Members have answered to their names. A quorum is present.

Mr. LONGWORTH. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

Mr. LONGWORTH. Mr. Speaker, I move to dispense with Calendar Wednesday.

The SPEAKER. The gentleman from Ohio moves to dispense with business on Calendar Wednesday.

Mr. LONGWORTH. Mr. Speaker, I wish to say that in the event that my motion is agreed to I shall renew my request for unanimous consent that business in order to-day may be in order on the day following the passage of the Muscle Shoals bill. In other words, on some day this week there will be a Calendar Wednesday, provided we finish Muscle Shoals.

Mr. GRAHAM of Pennsylvania. Mr. Speaker, I rise with regret to oppose the motion made by the floor leader upon this side of the House. I would rather be in accord with him than in opposition, but I do feel that it is necessary that we should keep some of the rules of procedure intact. If Calendar Wednesday is to be suspended every time some bill is brought up in which a large number of Members are interested, we will never have a Calendar Wednesday for any committee or for the Judiciary Committee, with a score or more of most important measures pending, including matters relating to the Constitution of the country. I do hope that the Members will not accord this motion their support but that we will stand for regularity in the maintenance of the rules in this respect.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Ohio to dispense with the business on Calendar Wednesday.

Mr. GRAHAM of Pennsylvania. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER. The gentleman from Pennsylvania demands the yeas and nays. All those in favor of taking the question by yeas and nays will rise. [After counting.] Sixteen Members have arisen, not a sufficient number, and the yeas and nays are refused.

Mr. GRAHAM of Pennsylvania. Mr. Speaker, I ask for a division.

The question was taken; and there were 223 ayes and 26 noes.

So the motion to dispense with the business on Calendar Wednesday was agreed to.

Mr. LONGWORTH. Mr. Speaker, I renew my request for unanimous consent that business in order to-day be in order the day following the disposition of the Muscle Shoals bill.

The SPEAKER. The gentleman from Ohio asks unanimous consent that the business of Calendar Wednesday be taken up on the first day after the Muscle Shoals bill is disposed of. Is there objection?

Mr. GRAHAM of Pennsylvania. Mr. Speaker, reserving the right to object, I ask the gentleman from Ohio if that means, supposing this business consumes the entire week, that we will

have two days for Calendar Wednesday business in the coming week.

Mr. LONGWORTH. Business would be in order under my request on Monday or on Tuesday, and it lies with the House whether it will dispense with the Calendar Wednesday business next week, and so far as I know there will be no disposition to do that.

The SPEAKER. Is there objection?

Mr. GRAHAM of Pennsylvania. I shall not object.

Mr. BLANTON. I object.

The SPEAKER. Objection is heard.

#### MUSCLE SHOALS.

Mr. McKENZIE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 518) to authorize and direct the Secretary of War to sell to Henry Ford nitrate plant No. 1, at Sheffield, Ala.; nitrate plant No. 2, at Muscle Shoals, Ala.; Waco Quarry, near Russellville, Ala.; and to lease to the corporation to be incorporated by him Dam No. 2 and Dam No. 3 (as designated in H. Doc. No. 1262, 64th Cong., 1st sess.), including power stations when constructed as provided herein, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 518, with Mr. MAPES in the chair. The Clerk reported the title of the bill.

Mr. McKENZIE. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan, [Mr. JAMES].

Mr. QUIN. Mr. Chairman, I yield to the gentleman from Michigan 25 minutes.

The CHAIRMAN. The gentleman from Michigan is recognized for 40 minutes.

Mr. JAMES. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. JAMES. Mr. Chairman, the minority report is supposed to be written by the gentleman from Iowa [Mr. HULL]. However, I must absolve him from all blame for this report. I insist upon coming to the defense of our colleague from Iowa [Mr. HULL], and I am going to prove that he has been duped by some of his so-called "friends."

The gentleman from Iowa is, I know, too shrewd to write a report that contradicts his utterances of two years ago in every particular and would make it appear that he has no fixed opinions on anything, at least for any particular length of time. I realize that even a gentleman with an "open mind" is not going to write a report that criticizes his previous utterances and remarks in every particular or that would show that he had forgotten his previous questions and his previous answers.

The gentleman from Iowa was formerly the strongest advocate of the Ford offer. The same as the gentleman from Mississippi [Mr. QUIN], he was about ready to vote to accept the Ford offer before the rest of the committee had read the offer, and, like the gentleman from Mississippi, he was ready, apparently, to turn over to Mr. Ford the United States Treasury to help him run the plants. If this seems exaggerated, you will see I am right when Mr. QUIN makes his speech.

If I had three guesses as to who wrote this report, I would guess the following:

First guess: Tom Martin.

Second guess: Thomas W. Martin, Birmingham, Ala.

Third guess: The president of the Alabama Power Co., Thomas W. Martin.

The report that is wrongly charged to the gentleman from Iowa states that Mr. Ford is to get a "subsidy." Let me read you the language written by Mr. Martin and credited to Mr. HULL:

We believe, moreover, that this can and should be done without favor, subsidy, or Government grant of special privilege to any individuals or groups of individuals, corporations, or parties whatsoever.

On page 18, we find a paragraph entitled, "Not necessary to subsidize Mr. Ford." Then comes the following language:

Under these circumstances we see no reason, even if higher consideration of public policy did not prohibit it, for inducing Mr. Ford with heavy subsidy in the form of power and property to engage in that profitable enterprise.

Then later, we read:

It follows that Mr. Ford ought not to be accorded special privilege and subsidy for any purpose whatsoever. \* \* \*

Now let us see what Mr. HULL said two years ago.

Mr. HULL. You spoke of a subsidy this morning.

WITNESS. Yes, sir.

Mr. HULL. I do not know what the rest of the committee has, but I have gone into the matter far enough to say that, in my opinion, the use of the word "subsidy" is wrong. It is not subsidy at all.

Mr. MADDEN. Who said that?

Mr. JAMES. The gentleman from Iowa [Mr. HULL].

Mr. HULL seems to be peeved—excuse me, I mean that Mr. Martin, of the Alabama Power Co., tries to make it appear that our colleague is peeved—because he has not had a chance to talk to Mr. Ford about the offer. Other members of the committee might be "peeved" because they had no opportunity to talk to Mr. Ford and to ask him questions, but the gentleman from Iowa [Mr. HULL] has no complaint on that score. When Mr. Ford was here two years ago I understand that our colleague went down to see Mr. Ford and was with him for several hours.

Mr. HULL of Iowa. Mr. Chairman, will the gentleman yield?

Mr. JAMES. Not now. Mr. HULL, our colleague, spent several hours with Mr. Ford, and if he only talked with him for two minutes, and if he did not ask Mr. Ford then about the 100-year and fertilizer guaranty and the water power act and everything else, it must have been because our colleague was either tongue-tied or too modest, or else he was satisfied with the provisions of the Ford offer at that time.

Mr. HULL of Iowa. Will the gentleman yield right there?

Mr. JAMES. I will not.

Mr. HULL of Iowa. But you are making a misstatement.

Mr. JAMES. So far as I can make out, about all our colleague said to Mr. Ford at that time was: "Mr. Ford, you do not need to worry about your offer not passing the House. Remember that I am with you; there is no doubt about its going through." [Laughter and applause.]

Mr. HULL of Iowa. Will the gentleman yield?

Mr. JAMES. I will not.

Mr. HULL of Iowa. But you are making a misstatement of facts.

Mr. JAMES. Then we will put it down to sarcasm.

Mr. HULL of Iowa. You have no right to quote me wrongly.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, the Chair ought to protect the witness, and the gentlemen of the House ought to observe the rules.

The CHAIRMAN. Will the gentleman from Michigan suspend? The Chair suggests that it would be better for specific members of the committee to address the Chair when they desire to interrupt. That will also tend to better order in the committee.

Mr. HULL of Iowa. Will the gentleman yield right there?

Mr. JAMES. I will not.

If I am correctly informed, our colleague from Iowa was very well satisfied with his interview with Mr. Ford, because I am informed that he stated upon his return that everything was all right.

Mr. LAGUARDIA. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Michigan yield to the gentleman from New York?

Mr. JAMES. I do not.

Mr. LAGUARDIA. I want to make a parliamentary inquiry.

Mr. MADDEN. But the gentleman can not interrupt a gentleman for the purpose of making a parliamentary inquiry. The CHAIRMAN. The Chair sustains the point of order.

Mr. JAMES. This report makes it appear that Mr. HULL uses the following language:

He must have this reversal of established governmental policy in respect to tenure of water-power right—a grant of the people's heritage—for a term of 100 years with preferential rights. . . .

Mr. HULL, two years ago in examining a witness, did not condemn this section but praised it and thought that it was fair and reasonable. Let me read the exact language used by our friend:

Mr. HULL. That means that having the property there and having developed it, if two companies offered the same thing, the Ford Co. should be given the preference. Why is that unfair? I understand that some gentlemen say it is unfair, but I can not see it is unfair.

Gentlemen, think of the unfairness of Mr. Martin in writing a report to make it appear that our colleague was against the Ford offer two years ago and against it now. Our colleague from Iowa can well say that he wishes he was delivered of his friends.

In another part of the report, Mr. Martin again misrepresenting our colleague, would make it appear that the gentleman from Iowa uses the following language:

It is in the record of the former hearings that Mr. Ford stated to the Secretary of War that if he could not make fertilizer profitably he intended to "quit."

If our colleague had been consulted on writing this part of the report, he would have begged Mr. Martin not to use this language and state that the above did not correctly state the testimony of the Secretary of War, and also that—to use the exact words of the Secretary of War—"that interview took place on the 11th of January," or about two weeks before Mr. Ford made offer No. 2.

The chairman of the committee, Mr. KAHN, then said:

That interview took place, as I take it from what you said, about two weeks before he signed the second agreement, which is now before us.

Secretary WEEKS. Yes.

If you will examine the evidence, you will find that the Secretary of War and Mr. Ford had no conversation about the matter of fertilizer afterwards.

If Mr. HULL had had anything to do with the writing of this report, I am sure that he would have been fair with the House by quoting all that Mr. Weeks said, which is as follows:

In my conversation with Mr. Ford I said to him, "Will you guarantee to continue the manufacture of fertilizer during the life of this contract?" He replied that he would not. I said, "Will you agree to invest a certain amount of money in the manufacture of fertilizer?" And he said he would not. Now, of course, he does in effect.

A little later Mr. Martin makes it appear that our colleague uses the following language in his report:

#### FORD'S FERTILIZER GUARANTY NOT BINDING.

We are not convinced that if given the special privileges he demands Mr. Ford could be compelled continuously to produce fertilizer at Muscle Shoals. The language of section 14 of the committee bill is, to say the least, peculiar, and it has a peculiar history. It is certain that the original offer contained no binding language regarding fertilizer production. This was the opinion of the Military Affairs Committee of the last preceding Congress, and its members sought energetically to strengthen the commitment. They were apparently successful, but with the new wording of the section qualifying language not in the original proposal appeared. . . .

I want to be fair to our colleague, and state that he would not if he could and could not if he would make any such statements.

Every member of the committee, with the exception of myself, voted for the present fertilizer-guaranty section of the Ford offer.

The present language in the McKenzie bill was drawn up one afternoon by men on our committee against the Ford offer, men on the committee in favor of the Ford offer, and by representatives of Mr. Ford. They unanimously agreed on the language.

The signed report is as follows:

15. Since the manufacture, sale, and distribution of commercial fertilizers to farmers and other users thereof constitutes one of the principal considerations of this offer, the company expressly agrees that, continuously throughout the lease period, except as it may be prevented by reconstruction of the plant itself or by war, strikes, accidents, fires, or other causes beyond its control, it will manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand, at nitrate plant No. 2 or its equivalent or at such other plant or plants adjacent or near thereto as it may construct, using the most economical source of power available. The annual production of these fertilizers shall have a nitrogen content of at least 40,000 tons of fixed nitrogen, which is the present annual capacity of nitrate plant No. 2. If during the lease period said nitrate plant No. 2 is destroyed or damaged from any cause, the company agrees to restore such plant within a reasonable time to its former capacity.

Mr. HULL is an honorable man, and would not, of course, vote for any language that had a "joker" in it, or did not in every way provide that the farmers were to get an absolute guaranty for fertilizer. We know our colleague too well to think that he would allow the farmers to be tricked if he had anything to say.

Mr. HULL of Iowa. Will the gentleman yield?

The CHAIRMAN. Does the gentleman from Michigan yield?

Mr. JAMES. I do not.

The CHAIRMAN. The gentleman declines to yield.



Mr. JAMES. The committee was very liberal in the matter of hearings. We gave our colleague and the Alabama Power Co. and their friends all the time they asked for. Several times we had to stop hearings because their witnesses were not on hand, but we reopened the hearings again two or three times.

We had one young man who thought a "hearing" was not a serious proposition, and immediately he began to play the only part of which he was capable of playing—that of a clown. I think his name was Frazier. Frazier said he had formerly been for the Ford offer but that this was when he "was in the wilderness." Frazier changed his mind when a Moses came by. This Moses not only led him out of the wilderness but also led him from Alabama to Washington, and from the Union Depot at Washington to the Washington Hotel, and from the lobby of the Washington Hotel to his own room. There Moses told the young man what he was to tell the committee, and then Moses led the young man to our committee room. Upon investigation by Mr. HULL of Alabama, we found that the name of Moses was Mr. Thomas W. Martin, president of the Alabama Power Co. I hope that Moses provided our friend who had been in the wilderness the "manna" necessary for use on the way here and also "manna" enough to take him home.

Other gentlemen were also led out of the wilderness, apparently, in the same way, if we may judge from their testimony. There is still another reason for my assertion that our colleague [Mr. HULL] did not write the minority report.

In the minority report we read this language:

His offer still contemplates the making of fertilizer by the operation of nitrate plant No. 2.

Mr. Martin could very well make this mistake, but our colleague, with his great familiarity with the Ford offer, knows that section 14 reads in part as follows:

It will manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand, at nitrate plant No. 2, or its equivalent, or at any such other plant or plants adjacent or near thereto as it may construct, using the most economical source of power available.

Mr. Martin would not, of course, know the history of this language, but our colleague knows that we put this in so that if necessary to use any other building than plant No. 2 it could be done. Our colleague voted to put this language in the bill, so you can readily see that he can not be held responsible for the language used by his false friend, Mr. Martin.

Mr. Martin, in the minority report, would make it appear that our colleague [Mr. HULL] uses the following language:

Nobody denies that Mr. Ford demands the divesture by the Government of its ownership of the nitrate plants. It is inconceivable that this necessity of national defense, vital to the Nation's safety, should pass into private hands.

If Mr. Martin read this report to our colleague from Iowa [Mr. HULL] before it was presented to us, I am sure that our colleague would have told Mr. Martin, his false friend, that he could not allow anyone to charge him with that language. You can readily understand why when I read you the way our colleague [Mr. HULL] felt when he last expressed himself on the matter.

Mr. HULL. Colonel, I think we are sometimes liable to lose sight of the fundamental idea of the whole matter, and that this is a national-defense proposition.

Our colleague was absolutely right, and here comes Mr. Martin, pretending to be a friend of Mr. HULL, and wants to make an electric-lighting-company proposition out of it.

Then our colleague goes on to say:

We have down there at the present time nitrate plant No. 2, built and in working shape, ready to turn out practically at a minute's notice nitrates for high explosives. Now, by this contract we agree to sell it to Henry Ford. Yet we have a string attached to the sale to the effect that at any time we can take that plant over and operate it for the production of nitrates for the production of high explosives.

A little later we find our colleague stating:

The question has come to my mind—and I think it is of vital importance—is there anything in this contract to assure the Government that this plant will be maintained under all circumstances as a plant for the manufacture of explosives or nitrates for high explosives in case of war? In other words, could Henry Ford assign this plant, as Mr. GREENE has suggested, to some other method of manufacturing nitrate for fertilizer and change the method? In other words, I mean we would have a formula for the manufacture of nitrate for high explosives which is another method. Is that fully protected?

Colonel HULL, Acting Judge Advocate General. In section 14 you will find this provision:

"To maintain nitrate plant No. 2 in its present state of readiness or its equivalent for immediate operation, in the manufacture of materials necessary in time of war for the production of high explosives."

This is his obligation.

Mr. HULL. He could not destroy it in any way without our stopping him; we would have the right to stop him if he tried to assign it to somebody else, or sell it for some other process? We would still have the right to go in?

Colonel HULL. I think so, without the shadow of a doubt.

A little later on in the hearings we find our colleague stating:

I am more concerned about this whole matter from a national defense standpoint and I want to keep something so that we may have an independent source of nitrates. If we accepted the Ford offer, there would be no question but what we would always have there an independent source of nitrogen.

And yet, Mr. Martin would have us think that Mr. HULL had always been against the Ford offer. Mr. Martin had better read the testimony.

A little later we find our colleague telling Mr. Mayo, the representative of Mr. Ford, that Mr. Ford "would not have the absolute ownership" of nitrate plant No. 2.

Listen to the words of our colleague at that time:

You would not have the right, although, apparently, under the contract you have bought the property—although I might say you have simply bought the land of it because you would not have the absolute right of ownership there because you could not change that plant and destroy what we now have in plant No. 2, and that is an independent source for the production of ammonium nitrate?

Mr. MAYO. Not unless we replace it with something equally as good or better.

Then a little later, we find our colleague telling the representative of Mr. Ford, Mr. Mayo, that national defense is the "big, compelling thing," in the whole contract from his way of thinking.

Mr. HULL. Mr. Mayo, as I stated to you before, the big, compelling thing in this contract is in section 14:

(b) To maintain nitrate plant No. 2 in its present state of readiness, or its equivalent, for immediate operation in the manufacture of materials necessary in time of war for the production of explosives.

And to think that Mr. Martin would send out statements to the press of the country to make it appear that our colleague "had always been against the Ford offer." Our colleague ought to sue him for libel.

A little later we find that our colleague is still interested in plant No. 2, because we find him stating, in part:

Mr. HULL. In the first place, as I have stated before, it seems to me that plant No. 2 is the one important thing in this whole proposition, in keeping plant No. 2 in such condition so that we can use it in time of war. That, to my mind, is the greatest object we have in making this contract, if we make it.

Our colleague did everything that he could at that time to make the contract with Mr. Ford. As I have said, Mr. McKENZIE and he "talked the same language at that time," and Mr. HULL had no use at all for the views of the enemies of the Ford offer, like Mr. MORIN, Mr. RANSLEY, Mr. HILL of Maryland, and Mr. FROTHINGHAM, and voted with the friends of the Ford offer to kill all amendments made with the idea of killing the Ford offer.

On page 3 of the report written by Mr. Martin for Mr. HULL, we find the following comparison of pending bills:

HULL BILL (H. R. 6781) BASED ON POWER COMPANIES' OFFER. M'KENZIE BILL (H. R. 518) BASED ON THE FORD OFFER.

1. (a) \$15,000,000 of capital (one company). Owned by Americans.	1. (b) \$10,000,000 of capital (one company); personal liability of Mr. Ford limited to formation of corporation with above capital. Owned by Americans.
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Mr. HULL, of course, had nothing to do with the writing of the above.

Our colleague knows from his experience, especially during the war, that a company controlled by another company which in turn is controlled by a foreign country was not considered an American company or "owned by Americans."

Our colleague also knows that a company, controlled by another company, organized under the laws of Alabama, but which in turn is controlled by a Canadian corporation, is not

in reality or fact an American company controlled by Americans.

Our colleague believes that any company operating any part of Muscle Shoals should be a company owned by Americans and owing no allegiance, directly or indirectly, to any foreign company, because he voted with all the rest of the committee to put the following language in the McKenzie bill:

Sac. 22. The stock of the company to be formed by Henry Ford, referred to in section 1 of this act, to be controlled after his death by his heirs or by American citizens, and no stock or bonds issued by any company or subsidiary company in connection with the lease of the dams referred to herein or in connection with nitrate plant No. 2, or any substitute therefor or addition supplementary thereto, shall be owned or controlled by any foreign corporation, citizen, or subject.

I am positive that our colleague would not want to put anything into the contract with Mr. Ford that he would not put into a contract that we proposed with any other bidder.

Mr. Martin, as an interested bidder, might misstate the facts, but our colleague would not do so, because, of course, he has no interest in this matter except to protect his own Government.

Mr. HULL, the gentleman from Iowa, knows that the company to be formed by the power companies will be controlled by the Alabama Power Co. I believe that our colleague knows that the Alabama Power Co. is a subsidiary of a Canadian company called the Alabama Traction, Light & Power Co.

In case our colleague has forgotten, let me remind him of the following:

Mr. JAMES. The Alabama Traction, Light & Power Co. (Ltd.) is a Canadian corporation?

Mr. MARTIN. Yes, sir.

Mr. JAMES. What is the capital stock of the company?

Mr. MARTIN. I think it is \$17,000,000 in common stock.

Mr. JAMES. The Alabama Power Co. is a subsidiary concern of the Alabama Traction, Light & Power Co. (Ltd.), is it not?

Mr. MARTIN. Limited in that relation.

A little earlier Mr. GARRETT of Texas asked a few questions of Mr. Martin:

Mr. GARRETT. What company is that which controls the Alabama Power Co.?

Mr. MARTIN. That is the Alabama Traction, Light & Power Co.

Mr. GARRETT. Where is that company located?

Mr. MARTIN. That company is domiciled in the Dominion of Canada.

A little later Mr. GARRETT of Texas said:

What did you say is the name of the Canadian corporation that owns this stock of the Alabama Power Co.?

Mr. MARTIN. The Alabama Traction, Light & Power Co. (Ltd.).

Mr. GARRETT. Does it still own a majority of the stock?

Mr. MARTIN. It owns all the common stock of the Alabama Power Co.

Mr. GARRETT. And the common stock is the majority of all the stock, common and preferred?

Mr. MARTIN. Oh, yes.

On page 23 of the minority report we find that Mr. WAINWRIGHT, of New York, states he concurs—

in the conclusions of my colleagues that the Muscle Shoals should not be transferred to Mr. Ford on the terms proposed—

And so forth, and then concludes—

Also I question whether Congress can ever arrive at a wise or satisfactory conclusion until the whole subject and all offers that have been or still can be adduced have been analyzed, considered, and reported on by a select commission, as proposed by the President in his message at the opening of this session of Congress.

Mr. HULL was very severe with a witness two years ago, as the following language indicates:

You make no pretense yet to making us an offer; that you want it turned over to somebody else that you can do business with across the table. I might say that, in my opinion, there has been too much of that kind of business done across the table and not enough of it here in the open where people can see what is being done.

By the shades of Fall, Doheny, and Sinclair, our colleague at that time talked like a statesman. [Applause.]

The WITNESS. I hope, Mr. HULL, I have not made a suggestion that a reference of this matter to a member of the President's Cabinet would have the effect of initiating a kind of negotiation that could not stand the light of day \* \* \*.

But our colleague from Iowa would have none of that way of dealing.

Our colleague from Iowa, two years ago, was very strong to "maintain plant No. 2, in condition to produce nitrates" and

for that reason, our colleague did not like the offer of the Alabama Power Co.

Mr. HULL. If we accepted your proposition there would be no positive assurance that in the future we would have nitrates for war purposes, because you do not propose to maintain plant No. 2 in condition to produce nitrates.

Mr. MARTIN. No; we do not undertake any obligations with respect to plant No. 2; but we undertake to give the Government power and money.

Mr. Martin is the president of the Alabama Power Co. and then, as now, was doing everything that he could to see that it did not go to Mr. Ford. At that time, however, our colleague was not in alliance with him.

There was no "positive assurance that in the future we would have nitrates for war purposes" in the offer of the Alabama Power Co. made two years ago, and neither is there any "positive assurance that in the future we would have nitrates for war purposes" under their present offer, and neither is there any "positive assurance that in the future we will have nitrates for war purposes" in the bill that Mr. Martin has inveigled Mr. HULL to introduce. I take it for granted that Mr. HULL has not read the bill very carefully but that when he does he will withdraw it because I am sure that our colleague in his great zeal for "nitrates for war purposes" can not be used for a tool—when he knows it.

If anyone believes that our colleague thought two years ago that Mr. Ford could not manufacture fertilizer and sell it below the prices sold by others, let me quote you the following:

Mr. HULL. Mr. Swann, following the line of the questions asked by Mr. GREENE, then it is your opinion that if we make this contract with Mr. Ford, or something similar to it, he could develop this process which you speak of for making concentrated fertilizers?

Mr. SWANN. He would not have to develop it; it is already developed. It could be utilized.

Mr. HULL. He could utilize it, then?

Mr. SWANN. Yes.

Mr. HULL. It might be developed further.

Mr. SWANN. Oh, it will be developed further as the development goes on, of course.

Mr. HULL. That is what I had in mind.

Mr. SWANN. But it is developed to the point now that makes it available.

Mr. HULL. Then, does it not conclusively follow that he will be able to cheapen fertilizer to the farmer very materially?

Mr. SWANN. With the price of power suggested there is no question but what fertilizer could be produced cheaper.

And yet Mr. MARTIN says Mr. HULL has "always been against the Ford offer."

Mr. Swann is one of the men interested in the fertilizer proposition with the Alabama Power Co.; so when he says that the price of fertilizer can be cut he ought to know.

A little later we find Mr. Swann stating in reply to Mr. QUIN's question:

Mr. QUIN. Then it is not any dream that concentrated fertilizer can be produced and turned over to the farmer?

Mr. SWANN. No, sir.

Mr. HULL, the gentleman from Iowa, did not like the testimony of Mr. C. H. McDowell, president of the National Fertilizer Association.

Mr. HULL. Perhaps I do not catch the point, but it seems to me as though the fertilizer people were worrying for fear Henry Ford would break up on this proposition; is that the point?

Mr. McDowell. Will break up?

Mr. HULL. Yes; that he will go broke in this proposition.

At that time the gentleman from Iowa had the same opinion as the rest of us, and that was that it was not only possible but that there was no doubt in our minds but that he could not only make fertilizer but that he could make it so cheaply that he could bring about a material reduction in the price of every pound of fertilizer to the farmer.

From a question he asked two years ago, our colleague from Iowa seemed to think that 100 years was not too long, provided one had an investment of \$15,000,000 or more.

Here is what the gentleman from Iowa said two years ago:

As a business man would you spend fifteen or twenty million dollars without having a lease of 100 years?

A little while before that, in talking to Mr. Ford's representative, Mr. Mayo, we find him using the following language, in part:



You realize we are making a contract for 100 years; and, at the least, it will be three years before you start and probably from 15 to 18 years, as you suggest, and in that time many things may change.

And so forth.

Our colleague seemed to think that 100 years would not be too long, seeing it might take "from 15 to 18 years" to get fully under way.

To show that our colleague was not opposed to the Ford offer at that time I might also quote the following conversation that took place between Mr. Mayo and Mr. HULL immediately after the above:

Mr. MAYO. We hope to start within a year.

Mr. HULL. Producing fertilizer?

Mr. MAYO. Yes, sir.

Mr. HULL. I am glad to hear that. I did not know you figured you could do that. You would have to start, then, with your steam power.

Mr. MAYO. Yes, sir.

Mr. HULL. You hope to start right away, with steam power, manufacturing the fertilizer and sell it to the farmer?

Mr. MAYO. Yes, sir.

That does not sound very much as if our colleague had "always been against the Ford offer." Neither was he. As I have said, he was the most enthusiastic man on the committee in favor of the Ford offer.

Mr. Martin would have us believe that Mr. HULL is not only against Mr. Ford's getting Muscle Shoals at the present time but that he always was against it. In fact, I remember that in the last publicity statement given out by the president of the Alabama Power Co. he recklessly declared that our colleague from Iowa [Mr. HULL] had prepared a minority report, and also that our colleague had always been against the Ford offer.

Why does the president of the Alabama Power Co. insist upon slandering or misrepresenting the views of the gentleman from Iowa? Mr. HULL is capable of speaking for himself. We all know that our colleague was in favor of the Ford offer at the time he voted to report out the McKenzie bill in the last session of Congress. There was no difference of opinion then between the gentleman from Illinois [Mr. McKENZIE] and the gentleman from Iowa [Mr. HULL]. Others of us had the same opinion as the gentleman from Iowa, and still have it, except that we thought that Mr. Ford ought to get the Gorgas plant. Mr. HULL thought at that time that because of a "moral right" we should sell the Gorgas plant to the Alabama Power Co.

Let the words of the gentleman from Iowa speak for themselves. Mr. HULL was then expressing his views in the presence of our committee to the representative of Mr. Ford, Mr. Mayo. Here are the exact words:

So far I quite agree with the idea of turning over the Muscle Shoals plant to Henry Ford. I think I can defend that position, if necessary, before my people, and I know that I can before myself, which is far more important than anything else; but when you come to the Gorgas plant, that is coming to another proposition.

The statement of our colleague [Mr. HULL] that I have quoted—

I agree with the idea of turning the Muscle Shoals plant over to Henry Ford. I think I can defend that position, if necessary, before my people, and I know that I can before myself, which is far more important than anything else—

was not made in the early days of our hearings but made on the day of our last hearing, June 3, 1922. It was the day after Mr. MORIN, Mr. PARKER, and Mr. Crago, against the Ford offer, Mr. WRIGHT and Mr. MILLER, for the Ford offer, and Mr. Mayo and Mr. Worthington, representing Mr. Ford, had agreed on a compromise to take the place of section 14, the fertilizer section. It was on the same day that Mr. HULL, Mr. HILL of Maryland, and Mr. MORIN had all voted for the present section 14.

This statement of our colleague was made after our committee had discussed time and time again the water power act, the 100 years, the personal guaranty, and every other feature.

The day after Mr. HULL said he was for the Ford offer, our committee voted to report out the McKenzie bill by a vote of 11 to 10. The 11 comprised the 6 Democratic members of our committee, in addition to Mr. McKENZIE, Mr. HULL, Mr. WURZBACH, Mr. MILLER of Washington, and myself.

If Mr. HULL had been against the Ford offer, he would have voted with his present allies, Mr. MORIN, Mr. HILL of Maryland, and Mr. FROTHINGHAM and the bill would have died in the committee.

Messrs. MORIN, HILL, and others prepared a minority report, but you did not see the name of our colleague Mr. HULL on it, because, as I have said before, Mr. McKENZIE and he "talked the same language" at that time.

If Mr. HULL had offered a motion at that time to put Mr. Ford under the water power act, it would have carried, because the 10 opponents would have voted with him.

If Mr. HULL had offered any other motion to cripple the Ford offer, it would have carried, because he could have relied on the votes of the 10 opponents.

Mr. HULL made no such motion because he was then as strongly in favor of the Ford offer as Mr. McKENZIE, and any statements given out by Mr. Martin or anyone else that our colleague has "always been against the Ford offer" are lies, pure and simple.

The more I think of the way the president of the Alabama Power Co. has betrayed our colleague from Iowa, the more I regret that he ever allowed his false friends to get him to introduce the two bills that he introduced in their behalf.

Gentlemen, Julius Caesar had his Brutus, and George Washington had his Benedict Arnold, and our colleague from Iowa has his Tom Martin. [Laughter and applause.]

Our colleague from Illinois [Mr. McKENZIE], who has the confidence and respect of every man in this House, will not be with us in the next Congress. After 14 years of faithful service, our colleague has decided that the quiet life of the farm is more conducive to health and happiness than the busy whirl here at Washington.

Men are loved many times for the enemies they make, and bills sometimes are assisted in their passage by the tactics of those outside of Congress who oppose them.

Our colleague is the author of this bill and also the author of the soldiers' adjusted compensation bill. Our friend from Illinois has been fortunate in the ones that are opposing his bills, especially the ones that are directing the publicity against both bills.

Bronson Batchelor, No. 50 Madison Avenue, New York, is the publicity manager and the handy go-between of the Alabama Power Co. and its group, and of the Electric Bond & Share Co., which is owned exclusively as a subsidiary by the General Electric Co. Batchelor is at the present time in Washington, I am informed, has frequently been here, and he has been very active—but not very prominently because of the character of the work he has done—against the offer of Henry Ford for Muscle Shoals.

At Batchelor's office, No. 50 Madison Avenue, New York, he poses as representing what is known as the American Institute of Business.

When in Washington Mr. Batchelor makes his office headquarters, I am informed, with J. T. Newcomb, of New York, who is attorney for the Alabama Power Co. and the Electric Bond & Share Co., and whose Washington office is at No. 304, National Savings & Trust Building.

Mr. Batchelor is also the publicity man and propagandist of the Anti-Bonus League. For more information regarding his activities read the CONGRESSIONAL RECORD of March 6, on page 3685.

Mr. Newcomb represented the Electric Bond & Share Co. and its allied power group when the Federal power act was being written, and Mr. Newcomb had much to do, I am informed, with the approval of the power act on the part of the power interests.

I understand that Mr. Newcomb was formerly a Republican State senator of the State of New York. Mr. Martin is a Democrat, I am informed. When it comes to hiring men to look after the interests of the Alabama Power Co, Mr. Martin draws no party lines.

Mr. Newcomb is a good lawyer, with experience in State politics. Mr. Martin believes in preparedness—so far as the Alabama Power Co. is concerned—and believes it is to their interests to have men on the pay roll—regardless of politics—who are familiar with State politics, and also he has men on the pay roll—regardless of politics—who are familiar with national politics.

A newcomer here, even one with State legislative experience, is not as valuable to the Alabama Power Co. as an attorney—especially a good attorney—who has had experience in national politics.

Good attorneys—in addition to other duties—are valuable in making reports, also in helping to make any necessary dart or dent or anything else "in the armor" of the critics of any offer of the Alabama Power Co. and their friends.

A little later in the day or on another bill in the near future I may have something further to say about certain activities of Mr. Newcomb, and also other men who have been working with him against the McKenzie bill.

I hope that by the time our colleague is ready to go to his little farm in Illinois that both the McKenzie bills will be laws.

If so, our colleague will be able to point with pride and satisfaction that one of his bills not only provided fertilizer for the farmers but also carried out the intentions of the national defense act, for which he fought so hard several years ago, and also that the other bill paid the debt to our ex-service men that is long past due.

The real opposition of the Alabama Power Co. is not due to any fear that Mr. Ford will not produce fertilizers, and neither is it because they are afraid that he can not reduce the price of fertilizer to the farmers, and neither is it because of the water power act, and neither is it because of the 100-year clause; no, it is none of these things, but it is something that Mr. Ford said on the 11th of October.

Mr. Ford said in part:

The only thing that I could do at Muscle Shoals which I am not able to do elsewhere would be to make fertilizer for the farmers. \* \* \* They may get other offers for every piece of Muscle Shoals, and the total sales price may compare favorably with the initial payment called for under my offer, but the sales price is the smallest item at Muscle Shoals. \* \* \* It would be well worth while for the water power and fertilizer financiers who control this situation to pay \$100,000,000 if thereby they retain the endless millions which they now make through exorbitant prices of power and fertilizer. The demonstration which we could make at Muscle Shoals would be a death blow to all such exploitation.

That would be enough to make the shivers run down the spines of those interested in the Alabama Power Co., but Mr. Ford had still a harder blow to deliver. Here it is:

*My offer is still before Congress. I shall not withdraw it. \* \* \* But I want to say this: If I get Muscle Shoals we shall run power lines 200 miles in every direction from Muscle Shoals. We have been working and have learned how to send power long distances without loss by leakage. I say this now for the benefit of the international financiers who, with the Alabama Power Co., have Muscle Shoals almost hopelessly in their grasp.*

The statement of Mr. Ford that "We shall run power lines 200 miles in every direction from Muscle Shoals" constitutes the real objection of Mr. Martin and his cohorts to the offer of Mr. Ford. They do not want Mr. Ford as a competitor. They know that the people of Alabama prefer the business methods of Mr. Ford to the business methods of the Alabama Power Co.

Mr. HULL has been so busy changing his mind that he evidently had forgotten the statement of Mr. Ford last October, but not so with Mr. Martin. Mr. Martin is hired to look after the interests of the stockholders of the Alabama Power Co. and is on the job for the people that he represents every minute.

This is not a fight between the gentleman from Illinois [Mr. McKENZIE] and the gentleman from Iowa [Mr. HULL].

This is a fight between a company that, according to the Department of Justice, "lost no opportunity of turning to its own advantage every possible change of circumstances" and Mr. Ford, a man who has a world-wide reputation for square dealing.

This is a fight between the power companies' trust and the Fertilizer Trust, on the one hand, and those of us who believe in cheap fertilizer to the farmer in time of peace and air nitrates for explosives in time of war, on the other hand.

In conclusion I would remind Members of the House that we can not exaggerate the importance of a sufficient domestic supply of nitrogen for national defense. All explosives require it. Without it our Army and Navy are virtually at the mercy of any inferior enemy country.

According to testimony of Major Burns before our committee, nitrate plant No. 2 will fix enough nitrogen to supply explosives for 12 Army divisions fighting in accordance with the military organization as it existed at the time of the armistice. When our Army was engaged in the Meuse-Argonne offensive the maximum number of divisions available was 30. Nitrate plant No. 2, therefore, would have been capable of fixing more than one-third of the nitrogen required by a force equal to the greatest military effort that America was able to put forth in the World War.

We are the only great Nation which depends wholly upon Chile for military nitrates. During the war, when it seemed that the outcome would depend upon our ability to secure enough ships, and to get them quickly enough, we sought in nearly every port in the world for vessels with which to transport our men and supplies.

After a most desperate effort, by using German, Dutch, Scandinavian, and Japanese tonnage, we managed to build up a fleet of 616 ships, totaling 3,562,000 tons. Then those among us who had scoffed at section 124 of the national defense act,

those who had declared that the need for nitrates was enormously exaggerated, learned a lesson, for no less than 128 of these precious carriers had to be diverted to the duty of bringing that one single essential material, nitrate of soda, from Chile. So vital was the necessity and so grave was the danger that a high official in the War Department declared that the loss of a single cargo of nitrate was as serious a disaster as the loss of a battleship.

In such a time of need, gentlemen, would you have this country rely upon an obsolete plant merely held in stand-by condition and which might easily be found to be wholly inadequate in a great emergency, or would you depend upon an operating plant—a going concern, thoroughly equipped with the most efficient and up-to-date processes, manned by a trained and experienced organization, all to be placed instantly at the command of the United States whenever needed in the national defense? There can be but one answer to such a question.

We have heard much argument that assumes that these idle plants constitute a great national asset of enormous value. I deny it. A great nitrogen industry at Muscle Shoals built up and successfully operated as a commercial enterprise would be a national asset, but one small, unsuccessful experimental nitrate plant and one large nitrate plant using a process that is utterly obsolete do not constitute any great national asset. Merely held in idleness they are an ever-increasing liability, costing more and more each year for their maintenance.

To make them of real value they must have the vitalizing influence of money, men, and management. All of these will be provided under the Ford offer for 100 years. Such an obligation to keep nitrate plant No. 2 in modern operating condition protects the public interest in a big, important way. In comparison the empty and unnecessary "regulations" of the Federal Power Commission shrink into insignificance.

Finally, I am for the Ford offer, not because it is made by Henry Ford, but because it is the only offer that provides for navigation on the Tennessee River; I am for the Ford offer because under it the industry will always be owned by Americans; I am for the Ford offer because it is the only offer that guarantees 2,000,000 tons of 2-8-2 commercial fertilizers to the farmers each year; I am for the Ford offer because it means cheap fertilizer to the farmers; and I am for the Ford offer because it is the only offer that guarantees to "maintain plant No. 2 in its present state of readiness or its equivalent for immediate operation in the manufacture of materials necessary in time of war for the production of explosives." [Applause.]

Mr. QUIN. How much time has the gentleman consumed?

The CHAIRMAN. The gentleman yields back seven minutes to the gentleman from Mississippi.

Mr. MORIN. I yield 40 minutes to the gentleman from Ohio [Mr. BURTON]. [Applause.]

Mr. BURTON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to revise and extend his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. BURTON. Mr. Chairman and gentlemen, there are four branches of this inquiry which I desire to submit to you. First, the violation of the settled policy of the Government contemplated by this bill; second, the utter inadequacy of the Ford offer; third, the fact that the system for the manufacture of fertilizers by nitrates is now in a condition of flux; fourth, I shall try to offer some constructive suggestions. The history of the water power act of 1920 and the development of a national policy in that regard is a long and interesting one. The final result was a policy of conservation for the general welfare which shows a more perfect attainment of helpful principles than any other branch of Government activity. That policy and the act referred to are far superior to any laws or regulations pertaining to forests, superior to laws relating to oils or to coal and minerals or any other great national asset which should be preserved for the future. This great act of 1920 stands out prominently as a final expression of the national will. It shows the strictest regard for the rights of the people and, what is quite as important, a broad vision looking to the future. In talking on this subject I shall endeavor to avoid all personal recriminations. I am not interested in any of the offers. I am not intending to advocate any of them, though at this time or another I may point out some of their advantages and some comparisons between them. There are outstanding facts and general principles which should control our action.

The great German poet, Goethe, said, "What a man earnestly desires in his youth that shall he have in its fullness in his old age," and there is no subject that has come before this Congress applicable to myself more than this. I feel comparatively



young yet [applause], and I did not begin the consideration of this subject until I was of mature age. But I have been with this proposition 25 years.

Let me state briefly the history of water-power legislation and facts pertaining to it. The river and harbor acts of 1890 and 1899 adopted provisions preventing the location of obstacles in navigable streams and other navigable waters. The second act, or that of 1899, was somewhat stronger than that of 1890. The first required consent of the Secretary of War and the Chief of Engineers; the second the consent of Congress. Somewhat later an act was passed embodying more advanced principles than any other for the construction of a dam at Hales Bar, below Chattanooga. This contained a provision by which the builders of the dam who were granted the license should build a lock and provide for navigation. They were compelled to face considerable difficulties, and to have several postponements, but that plan was accomplished and very substantially aided the navigation of the Tennessee River.

Down to the year 1900 there were 17 statutes passed by the Federal Congress granting the right to develop water power in navigable streams. Most of those rights were granted alongside of rapids and in especially favorable locations. There was at that time no perfect plan for the development of water power. From that time up to 1912, 78 acts were passed, and these showed the gradual growth of the policy of conservation.

Let me state it briefly. In 1903 an act was passed by Congress giving to one Thompson and others the right to build a dam in the Tennessee River. President Roosevelt vetoed that bill, saying that it did not sufficiently safeguard the navigation rights of the Government. The discussion will be found in the CONGRESSIONAL RECORD of March 4, 1903. Later than that, in the year 1906, and in a way prompted by this veto, although it was done somewhat tardily, the first general statute on this subject was passed.

This act provided that whenever authority is granted by Congress to construct a dam for water power crossing any of the navigable waters of the United States, drawings and a map must be submitted to the Secretary of War and the Chief of Engineers for their approval; and not until such approval shall the construction be commenced. The Chief of Engineers and the Secretary of War may impose such conditions and stipulations as they may deem necessary to protect the present and future interests of the United States, which may include the condition that such persons shall construct, maintain, and operate, without expense to the United States in connection with said dam, a lock or locks, and booms, sluices, or any other structures. Also, that if a lock or other structure is constructed by the Government, the owners of the dam shall convey to the United States, free of cost, the title to the necessary land, and furnish the United States the free use of water power for building and operating such structure. The right to construct such locks is reserved, and the United States retains the right to control the level of the pool to the extent necessary to provide proper facilities for navigation. The owners shall be liable for damage inflicted upon private property, by overflow or otherwise, and shall maintain such fishways as the Secretary of Commerce and Labor shall prescribe. The authority gained shall cease unless construction is commenced within one year and completed within three years.

While that act was in force another bill was passed providing for the erection of a dam in the Rainy River, a boundary stream on the Canadian border. It was intended that it should embody all the provisions of the general act, and practically it did, but President Roosevelt promptly vetoed the bill and set forth four objections, as follows:

First. The grant should be annulled if the work was not begun and plans carried out in accordance with the authority granted.

Second. The proper official should see that in approving the plans the maximum development of navigation and power was assured.

Third. There should be a license fee or charge which, although small and nominal at the outset, could be adjusted in the public interest.

Fourth. There should be provision for the termination of the grant at a definite time, leaving the future to determine its course.

Notwithstanding that veto, another bill was passed providing for a dam in the James River, in Missouri. President Roosevelt promptly vetoed that. The Tennessee River seems to have been the storm center in this controversy. Another bill was passed in 1906 providing that any individual, company or corporation to which the right was granted by the State of Alabama might build a dam at Muscle Shoals. I am telling

no secret when I say that President Roosevelt wrote out a veto message for that bill, but later he was prevailed upon to sign it. However, the very persons who promoted it most strongly later opposed it, and in the river and harbor act of 1907 a provision was incorporated that nothing should be done under the bill without further authorization by Congress.

Then in 1910 followed another general dam act, adding provisions to the prior act of 1906. It provided that in acting upon plans presented, the Chief of Engineers and the Secretary of War should consider the bearing of the structure or dam upon a comprehensive plan for the improvement of the waterway over which it was to be constructed, both as regards navigable quality and the full development of water power. There was another important section, the bearing of which upon the present proposal is important and will be explained later, authorizing the Chief of Engineers and the Secretary of War to fix and collect just and proper charge or charges for any direct benefits from the construction, operation, and maintenance by the United States of storage reservoirs at the headwaters of any navigable streams or from any forested watershed wherever intended for the development, improvement, or preservation of navigation in such streams in which such dams might be constructed. There was a provision that charges be paid for restoring the streams to navigability in case a project should be abandoned or the structures removed. There was a further clause that Congress might revoke any rights conferred in pursuance of the act whenever necessary for public use, and in the event of such revocation the United States should pay the owners the reasonable value, exclusive of the value of the franchise granted. Then followed an important provision. The authority granted should terminate at the end of a period not to exceed 50 years from the date of the original approval of the project. That was the beginning of the modern idea of a 50-year lease.

In the meantime this subject was elaborately considered by two commissions, one appointed by President Roosevelt and known as the Inland Waterways Commission, and the other created by Congress and known as the National Waterways Commission.

Numerous hearings were held, especially by this latter body, at which electrical and water-power engineers presented their views, and as a result of such hearings the great majority of those interested in the development of water power agreed upon the restrictions imposed by the acts of 1906 and 1910 and still further restrictions. A conservative opposition to these plans, however, was strong in Congress. Then, in the year 1912, occurred a discussion in the Senate upon a bill granting the right to a company to construct a dam in the Connecticut River between Hartford and Springfield. Under the terms of the proposed grant the licensee was to provide for the development of navigation around certain rapids, thereby extending navigation from Hartford to Springfield. The restrictions in the prior bills were incorporated and a further provision recommended by the Secretary of War, Mr. Stimson, to the effect that that official might impose a reasonable annual charge without depriving the company of a reasonable return, the proceeds to be used for the improvement of the Connecticut River. The company was to build locks free of charge and furnish power for their operation and was to pay compensation for lands taken or destroyed. Upon termination, the grant might be renewed or transferred, but in the latter event compensation must be paid. Majority and minority reports were filed upon this bill. The minority maintained that the authority to control water-power development belonged to the States and that the Federal Government could not exercise supervision, impose charges, or even withhold permission for a dam which would not interfere with navigation. There was a lengthy discussion, in the course of which it was maintained that the sole right to the utilization of water power in such streams belonged to the abutting owners. This view was shared also by prominent officials of the Government. It was also maintained that the Government had no right to impose charges or to control the method of development and distribution. This bill was so emasculated by amendments that those who advocated it in its original form voted against it.

In the meantime water-power development had been kept back by grasping, selfish interests, by a lack of thorough understanding of the mechanical phase of the problem, which made it impossible to properly develop power that now would be immensely profitable, by disputes relative to the control of the States and the Federal Government, and by a question as to the rights of the abutting owners as against the Federal Government. The view was maintained and even prevailed in the

Senate that the Federal Government had but little to do with hydroelectric power, and that the right of development belonged to the abutting owner, who, it is true, must take that right subject to the paramount claims of navigation, but that he could use all the surplus power. This was contemporaneous with the increased use of electricity. Then came a judicial decision, which I trust the Members will examine if they are interested in this question, that of the United States against the Chandler-Dunbar Water Co., found in Two hundred and twenty-ninth United States, page 53. In this case the Chandler-Dunbar Water Co., had become the owners of a strip of land some 2,500 feet in length on St. Marys River, which connects Lake Superior and Lake Huron. Immediately adjacent to this strip the river has a very large flow and is in rapids. It was the contention of the company that they were entitled to enjoy the flow of this water, subject only to a paramount right of navigation, and as navigation was furnished by a lateral canal or canals, this alleged right assumed under their claim was of very great importance. In view of the obstacles threatened to governmental control, the river and harbor act of 1909 contained sections directing the condemnation of this property and the wiping out of this title. The company alleged that because of potential water power belonging to them very large damages, amounting to \$3,500,000 or more, were due.

The court, however, by unanimous decision, rejected this claim, maintaining that the right of navigation was not only paramount, but since under that right the Federal Government had authority to grant or refuse permits to erect structures in the rivers or adjacent thereto necessary for the creation of water power, there was no beneficial ownership or privilege which the company could maintain. Hence it was entitled to a decision merely for the value of the upland bordering on the river, and the damages were reduced to a comparatively small sum. This sweeping decision establishes the principle that the Federal Government has full control of the development of water power in navigable streams, and it should be added that a river or stream is to be taken as an entirety, and the fact that it is not navigable in one portion, while navigable in another, does not take away the quality of navigability for the whole extent of the stream or river. Indeed, this principle might also be extended to tributaries. For a time there was no special interest in the development of water power. Numerous bills were introduced and considered. The pressing need for the development of water power in navigable streams and its great advantage for the conservation of coal was not fully realized until the scarcity of fuel in time of war created a pressing demand for the utilization of this very valuable asset. As the result of consideration by commissions and a recommendation by President Wilson, Secretary Houston and others, the Federal power act of 1920 was passed. The provisions of this statute may be grouped under the following main heads:

First. The organization of a Federal Power Commission—a bill treating this subject was reported by Mr. Esch in the House June 24, 1919. The commission is composed of the Secretaries of War, Interior, and Agriculture, and is authorized to make investigations of power possibilities. It may report whenever it thinks the United States should undertake any project and possesses divers other powers for carrying out the purposes of the act.

It has authority to issue licenses for power projects, including the authority to issue preliminary permits authorizing preliminary work. These licenses pertain to inauguration of power projects on navigable streams, on public lands, and on reservations. Licenses affecting navigable streams shall be approved by the Chief of Engineers and the Secretary of War. States and municipalities shall have the preference. The licenses shall not extend more than 50 years and shall be conditioned upon prompt inauguration of the construction work. Licenses may not be transferred without the approval of the commission. After the first 20 years of operation, any excess over a reasonable return shall be paid into an amortization fund. The licensee shall pay a fixed fee to defray the cost of administering the act and for use of Government lands and property.

Second. Combinations and agreements to restrain trade or raise prices are prohibited.

Third. There are provisions for navigation.

Fourth. The Government may purchase after the expiration of the license, but must give not less than two years' notice.

Fifth. Miscellaneous provisions. When the public safety requires it, the Government may enter temporarily upon any project and operate it for the making of explosives, and so forth, paying just compensation therefor. The condemnation

power of States and of the Federal Government is expressly reserved.

There are several manifest objects in the act which are essential for the public interest. One is that so far as possible there shall be such joining of projects that water power may be developed on a comprehensive plan over the largest possible area. For instance, permits have been granted for projects which may be interlocked from Medford, Oreg., to the southern boundary of California. It is obvious that waterfalls may supply sufficient amount of power in one watershed while there is deficiency in another and the two should be hooked together.

Every provision is made to prevent monopoly or giving any industrial concern an advantage by the possession of an unusual amount of power. This does not mean that plans have not been approved on a colossal scale. For example, the Southern California Edison Co. has obtained permits and has applications pending for developments which involve an expenditure of \$375,000,000.

What has the power commission done in something more than three years of its existence? Applications have been presented involving an estimated installation of 21,500,000 horsepower. Permits and licenses have been issued having an aggregate installation of 7,500,000 horsepower and 2,400,000 have been built or are building under license of the commission. In this period the commission has dealt with applications involving six times as much horsepower, issued permits involving three times as much, and twice as much has been built or is building, as the individual departments or Congress, working independently in the preceding 20 years, had authorized. Only 1,400,000 horsepower had been constructed under Federal authority in the years preceding the passage of the act, and at the time of its passage the aggregate installation in all water-power plants in the United States amounted to only 9,000,000 horsepower. Special attention is to be called to the fact that the Federal Power Commission is not a separate bureau or department, but the coordination of three departments in one body. In the development of what is called superpower, the impression has gained ground that the term applies to the adoption of methods not hitherto employed and the use of equipment or stations of a size and efficiency hitherto unknown. This impression is not correct. It means that existing generating stations shall be electrically interconnected, and the gradual extension of existing systems shall be under such conditions that when they meet they may be interconnected and operated as a single system. The number of applications up to date is about 363, of which 117 pertain to locations in the State of California.

It is stated in the majority report that Mr. Ford is entitled to 100 years because he takes upon himself conditions that are not assumed by the general grantee of water power under this act, and it was stated here in discussion yesterday, as I understand it, that Mr. Ford is the only man who has offered to throw open his books to public authorities. Well, now, let me show how absolutely superficial and incorrect those ideas are, and let me show in that same connection the vital difference between the Ford offer and the established policy of this country as embodied in that act. Why, my friends, I would just as soon vote for cracking the Budget act as I would vote for disregarding this act. After years of struggle, during which some of us incurred a great deal of obloquy and had to face opposition, that statute was enacted, and it ought to stand as one of the things not to be shaken but that must remain. [Applause.]

Now, let me point out the differences between this act and the Ford plan, and in doing so it will be necessary to repeat some things mentioned above: First, section 4, subdivision (f). The commission has the right to examine all books and accounts of licensees at any time; to require them to submit statements and reports; and there are severe penalties for deceit. Ah, Mr. Ford was not the first to think of this, because it was carried in the water power act before he ever made his offer.

Section 6, licenses are limited to 50 years. Preference is given to States and municipalities in the granting of permits.

Sec. 10 (a). The project adopted must be such as in the judgment of the commission will be best adapted for a comprehensive scheme of improvement and utilization for the purposes of navigation, water-power development, and other beneficial uses.

Let me say that if there is one thing which is objectionable in the pending bill it is the proposition to give one of the best water powers in the country to a man who can use it in the manufacture of articles in his own industry. If Mr. Ford is



intending to extend lines two or three hundred miles away from Muscle Shoals, I ask you gentlemen in charge of the measure to put that in this bill. [Applause.] What he said before the committee investigating the matter did not sound in that way.

The next provision is that reasonable annual charges shall be fixed by the commission, and the Government can appropriate excessive profits. With the greatest care it is provided that either by a State commission or by the Federal Government the charges shall be made reasonable; and again with the greatest care, as I have already stated, this water power must be available, not in one section alone, not to one individual or company, but to the whole people of the United States, and that is the fundamental idea of the act of 1920. [Applause.]

Then, here is an important provision: Whenever any licensee is directly benefited by the construction by another licensee or by the United States of a storage reservoir or other headwater improvement, the commission shall require that the licensee so benefited shall reimburse the owner of such reservoir for such part of the annual charges for interest, maintenance, depreciation, and so forth, as the commission may deem equitable. That is particularly important in the Tennessee River, and I might as well say right here and now that within two days leading engineers of this Government have told me that with the development of water power in the Little Tennessee, the Catawba, and other tributaries of the Tennessee, and in the Tennessee itself in the upper portion, by equalizing the flow, the primary power at Muscle Shoals will be doubled. One engineer said he would not wish to say that this would be accomplished in less than 50 years, while another said—and the first one then agreed with him—it would be done in 25 years. Now, just see how important that is. All of our present computations are based upon the amount of primary power now developed, but this growth—which is inevitable and which is carefully provided for in the water power act and under which there must be compensation—goes to Mr. Ford, almost doubling the value of his rights there without any equivalent. There is a special paragraph relating to reservoirs constructed by the Government.

It is provided in another section that after the expiration of the license the Government may take over any project on making payment in the manner provided.

Then there is this vital provision; that any project licensed under this act may at any time be acquired by the Government by condemnation proceedings on payment of just compensation.

Now, what was the object? Those who framed that bill were farseeing. They knew that water power would develop in the course of time and be a much more important asset than now, and they realized that the time might come when it would be necessary to expropriate, here and there, a section of that which is a natural part of a national system.

Who knows what development will occur in the use of water power in 100 years? Science is making rapid progress, and often there is a revolution in methods and processes in a single year. The very general conviction of chemists is that the problem of the fixation of nitrogen has not yet been satisfactorily solved.

Who knows what will happen in 50 years? It was the conviction that a better utilization of water power might be secured by Government control that caused the framers of the power act of 1920 and those who wrote the bills of 1910 and 1920 to establish a limit of 50 years.

We all know that we may take two watersheds and there may be a scarcity in one when there is a plentitude of water in the other, and vice versa. The whole idea was to create, as far as possible, one complete system, and that no one should have a link in that system which he could withhold for himself to the detriment of the general interest.

Oh, they said so much about another matter. They said that Mr. Ford was entitled to especial credit, because he agreed to turn this over to the Government for the manufacture of explosives in case of war. What a fine offer that is. Why, gentlemen, did you know that is in every license that is issued by the Government, in this language:

Whenever, in the opinion of the President, the safety of the United States demands it, for the purposes of manufacturing nitrates, explosives, or munitions of war, the United States shall have the right to enter upon and take possession of any project constructed, maintained, or operated under said license.

There is another requirement which should be in the present proposed grant, in order that it may be in line with both the spirit and the letter of the Federal power act, namely, a

clause to the effect that in case Mr. Ford fails to manufacture nitrates for fertilizer, the grant is void. The sole object of this proposed bill, aside from having the plant ready for the manufacture of explosives under the control of the Government, is the manufacture of fertilizer, and if that purpose fails, the grant should fail.

Now, is it fair, when these requirements are imposed in every grant, when that policy is so salutary for the future, to say we will give to a man, perhaps the wealthiest man in the world, a special privilege? I do not blame Mr. Ford. It is one of the consolations of our life here below that what helps others incidentally sometimes helps ourselves, and oftentimes the incident is far more prominent than the principal fact. Notwithstanding the glowing promises contained in the bill, its conditions and restrictions in favor of the grantee are such that there is no reliable assurance that fertilizer for the farmer will be manufactured at all.

I have listened here about the altruism of Mr. Ford until I am a little bit tired. As I think I shall show, he would obtain by this an unprecedentedly favorable bargain. It is his right to obtain as good a bargain as he can, but I object to his obtaining it at the expense of the American people and to the detriment of those who have submitted themselves to the law and to a policy thoroughly established, when it is for his sole benefit, whether it be in this or in any other contract. [Applause.] What may we say to the others who have submitted to these conditions, whose permits have been issued with all these conditions in them, and who altogether outclass in quantity of horsepower, what Mr. Ford would develop at this point?

I would like now to go into the question at some length of how much horsepower there is at Muscle Shoals. The primary horsepower at Dam No. 2 is about 100,000, and by primary horsepower we mean the all-year-around horsepower which is there during low water as well as during high water. The installation at that dam provides for 624,000 horsepower. There is a steam plant constructed by the Government which furnishes 80,000 horsepower. The other dam, No. 3, if it is built—and I want to say in this connection I do not think it is pressing to build Dam No. 3 at this time. It is very uncertain what the foundation is. I have been over the Tennessee River from one end to the other. When they built the dam at Hales Bar they thought it would cost \$3,000,000. The foundation was treacherous and before they got through with it it cost them \$11,000,000, and while the estimate on this dam is the enormous sum of \$25,000,000, I am not at all sure that that will be sufficient for its completion. Far and away more power than is required for fertilizer can be obtained from Dam No. 2 and the steam plant with it. The average amount of horsepower for the year at that dam, with the other installations contemplated in this bill, is 480,000. All that Mr. Ford agrees to use is enough to make 40,000 tons of fixed nitrogen, which requires 100,000 horsepower.

Mr. ALMON. Will the gentleman yield?

Mr. BURTON. I would rather not until I am somewhat further along. I hope to have time later to yield to questions.

Mr. ALMON. I simply thought the gentleman would not want to make a misstatement.

Mr. BURTON. I have a statement here from the secretary of the Water Power Commission. I am not relying on outside sources. I have been going to the officials of the Government in every case and I have not gone outside. [Applause.] I will add a statement from the executive secretary of the Federal Power Commission:

MARCH 4, 1924.

HON. THEODORE E. BURTON,

House of Representatives, Washington, D. C.

MY DEAR MR. BURTON: With reference to your telephone inquiries about maximum power available at Muscle Shoals, I submit the following:

The ultimate installation now proposed at Dam No. 2 is 624,000 horsepower and at Dam No. 3, 250,000 horsepower, or an aggregate of 874,000 horsepower. There is now in operation as a part of nitrate plant No. 2 a steam plant of 60,000 kilowatts, or 80,000 horsepower capacity. It is proposed, under the provisions of H. R. 518, to supply funds for the construction of a power plant at Dam No. 17, on the Black Warrior River, of a capacity of 40,000 horsepower, making a total of 120,000 horsepower of steam capacity and an aggregate capacity of hydro and steam of 994,000 horsepower. If these plants are operated on a 75 per cent daily load factor, they will be able to turn out, when sufficient water is flowing in the Tennessee River, an average daily output of 645,000 horsepower. Our estimates show that in the average year this installation could turn out an average daily



output throughout the year of 480,000 horsepower, of which about 300,000 horsepower would be primary power and the remaining 180,000 horsepower secondary power.

Very truly yours,

O. C. MERRILL,  
Executive Secretary.

I emphasize the overwhelming unfairness of making an exception in this case and a departure from a policy adopted after a long contest and struggle. What policy of economy or conservation of public rights or interests can we insist upon if we throw this away, and there are possibilities there, my friends, that make Teapot Dome look like a bagatelle [applause] and Mr. Doheny and Mr. Sinclair as men whose injured innocence should be forever vindicated. [Laughter.]

Among other things, the steam plant at Dam No. 2 is now leased on a basis that furnishes an income of \$350,000 a year, \$120,000 being the basic price, and additions being made according to quantity. For this there is an outstanding offer of \$4,500,000. Computed at even 5 per cent this is paying a return on \$7,000,000, \$2,000,000 more than the amount of Mr. Ford's offer.

The gross income for water power, including the power for fertilizer and the additional 40,000 horsepower, in accordance with the offer of Mr. Ford, has been estimated by competent engineers as \$9,300,000. After deducting operating expenses, including an allowance for depreciation of \$3,000,000, there would be left a net profit of \$6,300,000.

Yet it is said the farmers of the country are in favor of this. We all have regard for the farmer. I will go as far as anyone in utilizing the power at Muscle Shoals for the manufacture of fertilizer, of which the farmers are in urgent need. We must admit, with some abatement of national pride, that while the yield of wheat in this country averages 14 to 15 bushels per acre, in England, France, and Germany the yield is 25 bushels or even more. One main reason for this disparity is the absence of sufficient fertilizer. But in performing our duty to the Government we should be sure that an adequate price is paid for property which cost approximately \$100,000,000, and that there be assurance that the objects desired, namely, the supply of fertilizers in peace and material for explosives in war, may be properly secured. I want to read to you a letter from a member of a leading farm association just received this morning. I would not be surprised if you received copies of it yourselves to-morrow morning. It is from Mr. W. I. Drummond, chairman of the board of governors of the International Farm Congress of America:

Hon. THEODORE E. BURTON, M. C.,  
Washington, D. C.

DEAR SIR: In the opening debate in the House on Muscle Shoals statements were made to the effect that the farmers of the country are practically unanimous in demanding the acceptance of the Ford offer.

It is only fair to the Members who are to shortly cast their votes on this important proposition that they know the facts in this connection, especially if their votes are to be influenced by farm sentiment.

There are five major groups of organized farmers in the United States. Their respective records on this question are as follows—

I ask the special attention of those of you who represent farm constituencies, and I represent one in part. I have not heard a word from them in favor of the Ford offer.

The National Grange has never indorsed the Ford offer. At its last annual meeting a resolution to do so was rejected. The grange reported a paid membership of 601,086 last year.

The National Board of Farm Organizations, which met in Washington only three weeks ago, refused to consider a resolution indorsing the Ford offer. This group includes the Farmers' Union, the strong milk producers' organizations, and some others, with a total membership reported to be in excess of 600,000.

The National Council of Cooperative Marketing Associations, which also met in Washington within the past month, ignored the entire Muscle Shoals proposition. The paid membership of the associations composing this group is officially reported to exceed 500,000.

The Farm Congress has rejected every effort to approve the Ford offer in its present form, holding it to be in violation of sound economic and conservation principles. The Farm Congress, including affiliating bodies and delegate feature, represents a very large number of farmers, possibly larger than any other group.

And if it is not in violation of conservation principles, I do not know what conservation is. [Applause.]

The American Farm Bureau Federation, which alone is urging the acceptance of the Ford offer, had 392,580 paid members last year, according to the official report of its secretary and treasurer. In addi-

tion, it is claimed that dues representing nearly 200,000 more local members did not reach the national treasury, which would make a total membership of about 600,000.

These are the facts, as the available records will show. No Member should vote for the Ford offer in the belief that he is thereby carrying out the desire of the farmers.

W. I. DRUMMOND.

I now pass to the question of the adequacy of the Ford offer of \$5,000,000 for the nitrate plants and other property. Why, gentlemen, if you should go to a private individual with such an offer—if you should go to a single official of the Government—he would laugh you out of court on the ground that it was ridiculous. Five million dollars! That is probably more than any of us have, but let us see what he is to get. Out of the \$5,000,000, \$3,400,000 and slightly more is to be expended by the Government for the building of a plant of 40,000 horsepower, equivalent to the Gorgas plant at Muscle Shoals, leaving only about \$1,600,000. An able engineer told me—and I think he is perfectly right—that it is absurd to build that plant down there where the Alabama Power Co. built one, because the foundation and the installation and everything necessary for building an additional plant carrying 40,000 horsepower is right there at dam No. 2, and the additional expense would be about half as much as the cost of the proposed plant.

Now, what does Mr. Ford get? Ninety-two million dollars worth of property, with a scrap value of \$16,000,000 as computed by one Government official. Two thousand three hundred acres of land at nitrate plant No. 2, and 1,900 or 1,700 at the other.

Why, there is a real-estate speculation down there the like of which was hardly ever known in the country. Here is an extract from one of their circulars: "Henry Ford said, 'I will employ 1,000,000 men. I will build a city 75 miles long at Muscle Shoals.'" They have been advertising lots away outside of the 2,300 and 1,900 acres which are far less valuable and much less desirable than those to be sold to Mr. Ford, and there is a surplus there of nearly 4,000 acres that Mr. Ford, if he buys this property, can sell. In a few years land will be worth \$3,000 or \$4,000 an acre. There are located on that property houses in a very considerable number, some three or four hundred. Sewers have been built. Let me show you some of the expenses paid by the Government.

In the village at nitrate plant No. 1 \$2,526,000 have been expended. Public works, water, and so forth, cost \$1,026,000. All this now belongs to the Government. The shops we will not count in. Then at nitrate plant No. 2. On the village they expended \$3,120,000; public works, \$8,843,000. That property is right there that Mr. Ford is to get for this ostensible offer of \$5,000,000, when he really pays but a little over a million and a half dollars.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. BURTON. Yes.

Mr. BYRNS of Tennessee. Does not the gentleman agree with the President when he said that in a matter of this magnitude the financial benefit to the Government was not a major consideration.

Mr. BURTON. I do not believe that we should give away this property.

Mr. BYRNS of Tennessee. Will the gentleman yield further?

Mr. BURTON. I must decline to yield any further.

Now, upon the location of the plant and the advertisement of that real estate many were taking up land anywhere in the neighborhood. They rode over it in automobiles, some on horseback, some had their hats on, and others were in such a hurry that they rushed on after their hats had blown off. They advertised in glowing language that the soil was alluvial and the climate salubrious, and it would only require them to go a little further to say that it was as fair as a resurrection morning. [Laughter.] Four thousand acres of land of this enormous value we are asked to give away. What does Mr. Ford need of 4,200 acres of land? What does anyone in the development of this property need of 4,200 acres of land? What need has he to utilize the houses that have been built there? Such a sacrifice of Government property easily worth more than \$20,000,000 I can not contemplate without a feeling that we are recreant in our duty. [Applause.]

My friends, I have twice before on a similar question been in the minority. I do not quite feel that I shall be in the minority this time. In 1906 I opposed with all my might that bill allowing an individual or company or corporation to build dams at Muscle Shoals. My, what a woodpile I brought down on my head! "I will beat it; I will beat it," a Member from the



locality, not now a Member, said. But it passed and was approved by President Roosevelt. I told them they could not develop it in that way. It was not worth while. They sent down a couple of engineers, and they came to the same conclusion. What did those who had been attacking me do? They sent telegrams to me at Washington asking me to prevent the operation of that bill, and there was inserted in the river and harbor act of 1907—this is all a matter of record—a provision that nothing should be done under that act granting authority to locate dams there without further authorization by Congress, and Congress never has acted upon the matter since that time and never will. In 1912 it was stated that those who favored conservation were wrong on the law; grave ex-judges said the abutting property owner had the ownership of the water power; yet within six months along came this decision of the Supreme Court in the case of the United States against the Chandler-Dunbar Co., which vindicated the position we had taken.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. MORIN. Mr. Chairman, I yield 10 minutes more to the gentleman.

Mr. BURTON. Before I come to some constructive suggestions I would like to read the minutes of what I have obtained from officials of the Government in regard to the manufacture of nitrates, but I am afraid of two things—first, it would take too much time, and, second, it is too technical; and so I shall insert the minutes in the Record. Generally speaking, the process employed at plant No. 2 is the cyanamide process. That requires for 40,000 tons of fixed nitrogen contained within calcium cyanamide, about 100,000 horsepower. The latest developments have been unfavorable to this method. Mr. Ford in his offer evidently contemplates the use of the cyanamide process, because he says he shall not be under obligation to manufacture at nitrate plant No. 1. Nitrate plant No. 1 has been completed and has proved a failure. It was intended for what is called the synthetic ammonia or Haber process. Great improvements have been made in this recently. I wish to give credit to a young man who came to the Capitol and spent a day with me, Mr. Braham, who is in the nitrogen department of the Department of Agriculture. Professor Cottrell, of the same department, has accomplished great results in this regard. Both have so thoroughly studied this subject that I think they ought to be mentioned here. Mr. Braham, with another, was abroad in Germany last year and reports that the synthetic ammonia or Haber process as modified is now coming into great use in Germany. It is used at two places, Oppau and Merseburg, and at the latter place five times as much nitrate is manufactured as is contemplated at Muscle Shoals, and that, too, with the use of brown coal. The Haber process in a general way contemplates throwing steam over incandescent or burning coke and then putting it through a pipe with an immense pressure, going out into a retort to be mixed with what are called catalysts, which aid hydrogen from the steam to combine with nitrogen in the air and with certain chemicals to make sulphate of ammonia or some similar substance. We do not know whether the profitable manufacture of cyanamide will be possible or not. It takes only about 30 to 35 per cent as much power to make an equivalent amount of fertilizer by the modified Haber process as does the cyanamide method, and we might find if this process were perfected that we had an obsolete process on our hands, and Mr. Ford might find the same also. The following is a statement relating to the two processes:

For the purpose of manufacturing fixed nitrogen by the cyanamide process, nitrate plant No. 2 is as good a plant as any in the world.

Cyanamide is one form of fixed nitrogen. It has a weight of 45 to 50 pounds per cubic foot. It is of a dark grayish color, somewhat resembling powdered coal, but with a grayish tint. It contains from 20 to 23 per cent nitrogen. Cyanamide for the most part is not used direct for fertilizing purposes, though it is used quite extensively in Germany.

Nitrogen constitutes about 80 per cent in volume of the atmosphere. When in the air it is called free nitrogen, but when separated from the air and combined with other elements it is called fixed nitrogen. Calcium carbide is the substance which is combined with nitrogen. The main use of power is in the production of this calcium carbide. The elements in its manufacture are limestone and coke or coal. The limestone is taken and burned. The product is mixed in a proportion of one part lime and five-tenths to six-tenths part of coal or coke. The limestone and the coal or coke are placed in an electric furnace which is heated to a high temperature of about 2,000° centigrade. Here is where the power is required.

The detachment of nitrogen from the air is a much easier process. The nitrogen is separated from the oxygen in the

air and the carbide is treated with the nitrogen at a high temperature of 1,000° centigrade. The product is called calcium cyanamide. In Germany and other European countries various kinds of oil are sprayed upon the calcium cyanamide, which is in the form of a very fine powder and difficult to handle. It is then scattered upon the land as a fertilizer. The value of the calcium cyanamide is about \$55 per ton.

In this country fertilizers are usually made up of mixtures. One of the principal constituents of fertilizers used in this country is acid phosphate. Only relatively small quantities of calcium cyanamide can safely be used in connection with acid phosphate. Phosphate rock is worth \$4 to \$5 per ton. When treated with acid it is worth \$8 to \$10 per ton. Only 50 to 60 pounds of calcium cyanamide could be used in making a ton of fertilizer in combination with acid phosphate. The above-named mixture is sometimes further used with potash salts, which can be used in any quantity.

The demand in the country would not exceed more than forty to fifty thousand tons of calcium cyanamide. This creates a limitation on the use of the plant. Fifty thousand tons of calcium cyanamide would not be more than about 20 per cent of the possible output of the plant as it now is; that is, 250,000 tons or more could be produced there.

Calcium cyanamide, when treated with steam under pressure, yields ammonia gas. From this gas a large number of nitrogen fertilizer salts can be produced. Taking this gas produced from the calcium cyanamide and passing it into sulphuric acid produces ammonium sulphate, which can be used directly on the land, but is usually employed in combination with other fertilizer materials—acid phosphate, for example.

Some addition would have to be made to nitrate plant No. 2 to make this sulphate of ammonia. There is a certain amount of equipment brought there from the Old Hickory Powder Plant which has not been set up; but, when set up, this would not be sufficient to utilize the total possible output of calcium cyanamide.

Another important fertilizer is sodium nitrate, imported from Chile, the value of which when landed in American ports is about \$50 per ton. The British control about 25 per cent of the capital engaged in the mining and shipment of Chilean nitrates. Chilean nitrate and sulphate of ammonia made from the production of coke ovens have been the principal sources of fertilizer. It should be said that in addition to artificial fertilizers use is made of barnyard manure, cottonseed meal, tankage, dried blood, and so forth, from meat-packing plants, fish scraps, and other similar substances.

The present value of sulphate of ammonia is about \$58 per ton. Twenty pounds of fixed nitrogen would be somewhat above the average used per acre. This would mean 100 pounds of sulphate of ammonia. Twenty per cent is the usual content of fixed nitrogen in ammonium sulphate. The manufacture of sodium nitrate is to be ruled out because it can not be made by artificial processes to compete with the natural product coming from Chile.

Plant No. 2 is equipped to make ammonium nitrate. This is made by the same process as the ammonium sulphate, except that nitric acid is used instead of sulphuric acid. The nitrogen content of ammonium nitrate is 35 per cent. Ammonium nitrate is an ingredient in the manufacture of powder, and it was for making this that the plant was built. Ammonium nitrate would cost more than ammonium sulphate about in the proportion of the amount of nitrogen content; that is, 35 to 20. Ammonium nitrate can be used for fertilizer, but it is inconvenient because it absorbs moisture from the atmosphere, thus becoming a gummy mass, hard to scatter. Experiments are being made in mixing chemical elements with which to obviate this difficulty.

The amount of water power that would be required to manufacture 40,000 tons of fixed nitrogen would be approximately 100,000 horsepower.

The Haber or synthetic ammonia process used at nitrate plant No. 1 is capable of developments which it is believed will result in lower costs for fixed atmospheric nitrogen. There are two plants in Germany, one at Oppau, another at Merseburg. The latter produces five times the amount which could be produced at Muscle Shoals. Brown coal is the source of power. Nitrate plant No. 2 does not seem to offer much chance of price reduction, because to use it for the Haber process would necessitate rebuilding.

There are plants in Germany similar to that at Muscle Shoals, where more power is used than at the plants mentioned. The process used in these two German plants is the direct combination of hydrogen and nitrogen to form ammonia. The principal cost of producing fixed nitrogen by this process is that of hydrogen production. At the German plants hydrogen is produced by passing steam through incandescent coke and



requires only approximately 35 per cent of the electric power that is required by the cyanamide process. If the hydrogen is produced by the electrolytic decomposition of water, the electric-power requirement is somewhat in excess of that required by the cyanamide process per ton of nitrogen fixed. These are the two principal methods for the production of hydrogen for use in the synthetic ammonia or Haber process for fixing atmospheric nitrogen.

For the fixation of nitrogen by this process nitrogen obtained from the air and hydrogen obtained either by electrolytic decomposition of water or by treatment of coal and steam are mixed and passed through an apparatus at a pressure of 1,500 pounds per square inch or higher at a temperature of 500° centigrade. This apparatus contains material known as a catalytic agent, which promotes the reaction between nitrogen and hydrogen to form ammonia. The product is a gas at a certain pressure and a liquid at a higher pressure and can be converted into several different nitrogen materials suitable for fertilizer and other uses. By combination with sulphuric acid it yields ammonium sulphate, by combination with nitric acid it yields ammonium nitrate, with phosphoric acid it yields ammonium phosphate, and with carbon dioxide it yields urea.

A new type of catalyst has been discovered by the fixed nitrogen research laboratory of the Department of Agriculture which will unquestionably lead to important improvements in the Haber process, resulting in lower operating costs.

The upshot of all this is that improved methods and more economic production are more likely to come from a modification of the Haber process at plant No. 1 than from the use of plant No. 2. About \$2,000,000 would be required for the remodeling of plant No. 1 in order to use the latest improved discoveries. It has one-fifth the capacity of plant No. 2.

The Alabama Power Co.'s offer is to begin with a production of 5,000 tons per annum and gradually increase to 50,000 tons if demands increase. To repeat, there is not a present demand for 40,000 tons of nitrogen in the form of cyanamide, and sulphate of ammonia now sells at so high a price as not to be attractive to the farmer. If the 40,000 tons of nitrogen content appeared in 200,000 tons of ammonium sulphate there would not be a demand for it at the present market prices. In fact, about one-third of the ammonium sulphate now produced is exported to Japan.

Because of transportation and distribution costs it has been figured that even at the maximum production at Muscle Shoals the farmer would gain little benefit from its operations. The natural course to pursue would be to operate plant No. 2 with the cyanamide process while No. 1 is being developed and enlarged for the Haber process, and in time No. 2 would probably be abandoned. Plant No. 1 would require new apparatus in large part, to be worked even under the original Haber process, and for the improved Haber process would require very substantial apparatus. The design for remodeling has already been prepared under the supervision of the nitrate division of the War Department.

The tendency will be toward the requirement of smaller and smaller amounts of power in the fixation of nitrogen. On the basis of an experimental trial, after the plant was completed in 1919 it was computed that the cost of producing fixed nitrogen was somewhat less than the market prices. This estimate made no allowance for interest on capital cost, but did make an allowance of \$15 to \$18 as the cost of each horsepower.

I hasten to make some constructive suggestions. Bitterly opposed as I am to Government ownership and operation, I would a great deal rather see the plant completed and even operated by the Government of the United States than to give it to Ford under any such terms as are proposed. [Applause.] Our engineers are at work upon Dam No. 2. This bill contemplates the disbandment of the Government forces, and let me call your attention to the chaos that would be created by that. There is a force there, with the necessary superintendents, of 4,000 men, that have been at work upon it for months. They are under the control of the engineers, whose work has been faithfully and well done. The moment you pass this bill these men must be discharged. You will discharge those who are familiar with the work, unless Mr. Ford chooses to engage them again. The superintendents must go, and you would create a wrench that would be very disastrous.

Mention has been made of what the President said. Just what did he say in regard to Muscle Shoals? I read:

Such a solution will involve complicated negotiations, and there is no authority for that purpose. I therefore recommend that the Congress appoint a small joint committee to consider offers, conduct negotiations, and report definite recommendations.

I do not want to see this matter delayed. The reason that some of you may vote for this bill is that you think there has been some sinister influence against the work and that it has been delayed. The Federal Power Commission might seek the best possible offers. Mr. Hoover might be added. The engineers promise that they can have the Dam No. 2 finished by the 1st of July, 1925. A commission, made up of Members of Congress, might be chosen. Let them go to it, let the engineers finish the work just as soon as they can; but in the meantime, I say, some attention should be given to the relative merits of the cyanamide and the Haber processes and this new process which has been greatly facilitated by the discovery in our own nitrogen division of the Department of Agriculture.

I tell you, gentlemen, that we have some fine men in our respective departments, as scientific as any in the world [applause], and they are working for the Government. They are working for you; they are working for me. Credit, I believe, has been given outside, but the real credit belongs, I believe, to that nitrogen laboratory down there for discovering that new catalyst which makes results so much easier. I am not here to advocate the Alabama Power Co., or the offer that I consider the best of the three—the so-called Hooker-Atterbury offer, which contemplates giving the profits to the Government, and which would be undertaken by men who are highly skilled in the chemical business. But I do not want to see this Congress do something that is ridiculous. I have never been one of those who cared very much whether he had vindication by a majority vote or not. I am satisfied with the position that I have taken upon this. We must appeal, all of us, to the future, that great judge of human action. I am ready to stand by the warning that I have given to this House to-day, confident that if you carry out this plan, if you pass this bill, in the future condemnation will rest on Congress for having done an unwise, yes, a foolish and a wasteful thing, one in which the rights of the country which we represent were utterly disregarded. [Applause.]

Mr. QUIN. Mr. Chairman, I yield 12 minutes to the gentleman from Tennessee [Mr. FISHER].

Mr. FISHER. Mr. Chairman, I hesitate even to suggest an inaccuracy in the remarks made by the very distinguished Member from Ohio [Mr. BURTON], but when there is before this body so serious a matter as the decision as to whether or not we are to accept this great offer for our Nation, I must call attention to the remarks of the distinguished Member on yesterday as to the amount of power to be used in the fertilizer program set forth in this offer. The figures given were grossly inadequate. The suggestion that only eight or nine thousand horsepower would be used in the manufacture of 40,000 tons of nitrogen is not the amount given in the hearings. The proof there develops that the minimum power to be used in the operation of the large nitrate plant No. 2 would be 100,000 horsepower, which is quite different from the smaller amount suggested.

The proposition we have here to-day is not one controlled by the Federal water power act, for when the Congress passed the national defense act in 1916 authorizing and providing for a nitrate program the water power at Muscle Shoals, when that place was designated, became a part of the nitrate program. The use of coal was too expensive, except for a war proposition, and during the time of peace the water power would be produced cheap enough to make nitrates for fertilizer.

The construction of the Wilson Dam was begun and it was to be an essential part of the nitrate program. When the armistice came and the activities in the huge nitrate plants were stopped, the great project was a tremendous burden on the Government. Work was stopped on the dam, and the upkeep of the whole project was a heavy expense. The Government has spent several hundred thousand dollars in upkeep of the buildings since the armistice.

The Secretary of War sought private bids to take over the whole project and thus relieve the Government. There were no offers made, but Henry Ford was asked to make a bid. This offer of a contract which we are considering to-day is a result of many conferences between the Government's representatives and Mr. Ford. The question under discussion in these conferences was as to a contract to be made between the Government and Mr. Ford. The unfinished dam and the terms as to its completion were parts of the discussion leading up to the drawing of the proposed contract or offer, and it was always understood that the lease was to extend for 100 years.

In the hearings the question as to the Federal water power act was discussed, and Mr. Ford's representatives always insisted that the lease would have to be for 100 years; otherwise he could not undertake to handle the great project.



Mr. Mayo stated:

Well, on account of the size of the project and the immense amount of capital necessary to develop it to such an extent that we can use all the power, Mr. Ford felt that in 50 years he would perhaps only have made a good start (p. 296).

We realize it; yes, sir. The point is if the offer is accepted we will have such a very large investment at Muscle Shoals in the course of the next 10 or 15 years that we could not afford to risk that much of an investment there and run the risk of having the power end of it cut from under our feet at the end of 50 years (p. 243).

It was made clear in the hearings that, outside of a great development in industries at or near Muscle Shoals, there was proposed the possibility of building storage reservoirs which would increase the primary horsepower. It will be seen that the question of the length of the lease is a vital one in the acceptance of the offer.

The main question before the Congress in this offer is not water-power development, but it is the opportunity to get in our country a supply of nitrates which will more nearly supply the growing demands. Our country is now the only great Nation depending wholly for the greater portion of its nitrate needs upon Chile. We get nearly three-fourths of our supply from that country. The natural supply there is greater by far than that in any other country.

A nation ought not to have to depend on a foreign supply of so vital a thing as nitrates, and with that supply located thousands of miles away and in a foreign country. Nitrates are needed in every form of ammunition used by our Army; in smokeless powder, nitroglycerin, picric acid, T. N. T., and, in fact, is necessary in all explosives.

General Beach said before the committee:

I can not understand anybody who is acquainted with the conditions being willing to put the United States in such a position that in case of hostilities it would have to depend upon securing its nitrates from a foreign source of supply (p. 103).

The conditions surrounding the supply in Chile are most unsatisfactory. During the first year of the Great War in 1914 the Germans had a fleet off the coast of Chile, which interfered with the Allies in their effort to transport the much-needed nitrates. When we entered the war it became necessary to utilize 128 of the large ships to bring the supply to this country, and the ships were badly needed in the transportation of our troops and supplies to France. The need for nitrates was so great that there was a record of one month when 370,000 tons of nitrates were brought to this country.

Outside of the great distance from the supply the conditions in Chile are not satisfactory. We are the largest buyers and have nothing to say about the price. The prices and distribution are controlled by a committee with a subcommittee in London and Berlin. The Government of Chile places an export tax of eleven and twelve dollars on each ton. If for no other reason than the national defense the great opportunity offered in this contract to keep in running shape the nitrate plant No. 2, which has a capacity of 40,000 tons of nitrate a year, should be accepted. This would supply the nitrates needed for the ammunition of 12 divisions of our Army in actual warfare.

As great as our need is for a supply of nitrates in our own country for ammunition for our Army, there is another field where the great activities for the production of nitrates provided for in the offer would be of tremendous help to our country. The nitrates made in peace time and into a commercial fertilizer at a greatly reduced price would be a wonderful relief to the farmers. The provisions of the contract as to the manufacture and sale of fertilizers are clear. It has the approval of all the farmers' organizations, and a careful reading is convincing that every interest of the farmer is protected. Nitrates are essential to a good commercial mixture to fill the requirements of a salable fertilizer. The other elements needed, such as phosphates, to make up the mixture are located near Muscle Shoals and can be easily acquired.

The farmer would be greatly benefited by the acceptance of this offer. He believes in Henry Ford and has strongly supported his offer.

At the present time the farmer who has a farm needing fertilizer can not afford to put enough fertilizer on the farm. If given the opportunity under the working of this contract, he would be able to purchase enough fertilizer to build up the soil. Many are the farms that need help. This opportunity to buy cheap fertilizers is better than the loans of money on easy terms as provided by the several acts of Congress. When the loan is made there is interest to pay and in the end the loan will have to be paid. If the money is spent on high-priced fertilizers, the amount purchased will be limited.

The Agriculture Department is urging the farmers to increase the yield per acre. There would be no better way than to make possible cheaper fertilizer.

In many sections of the South the farmer who tries to raise cotton and corn has had a hard time.

The efforts to beat the boll weevil and the army worm have been very good and most often failure has been the result. Now the county agents and the farm bureaus urge him to raise more cotton to each acre, but with high-priced fertilizers it is difficult to do.

If we cut the farmers' fertilizer bill one-half we will see a great prosperity return to this country. Where farms are abandoned, they will be restored through the means of cheaper fertilizer. The farmer who has farmed for years with a shortage of fertilizer finds the soil gets poorer and poorer and the crops as a result get smaller.

The advent of a great reduction in the price of fertilizers would give him hope.

There is no other offer which provides for so great an output of fertilizers in peace time.

One of the most important considerations of the offer is the manufacture, sale, and distribution of fertilizers. The proposed agreement is that there will be produced annually mixed or commercial fertilizers which shall have a nitrogen content of 40,000 tons of fixed nitrogen or 110,000 tons of ammonium nitrate. This is the present capacity of the nitrate plant No. 2.

The careful reading of sections 14, 15, and 16 will show what a wonderful opportunity there will be for a great development in commercial fertilizers.

The active operation of this great nitrate plant No. 2 and the fact that it is available with all its facilities for the United States whenever, for the national defense, it should be needed. It has been said by the Chief of the Ordnance Department of the Army that this fact would be worth many millions to our Government in nitrate preparedness. If this offer should not be accepted and the plant No. 2 should be kept in condition all the time it is estimated that it would take over \$250,000 a year for maintenance and upkeep and the replacements necessary over the period of the lease would amount to twenty millions. The cost to the Government, it is seen, would be tremendous. The acceptance of this offer would take from the Government the burden.

There can certainly be not just criticism as to the terms of the offer in reference to the proposed dams. It is provided as to the Wilson Dam that there will be paid annually 4 per cent of the actual cost of completion including the amounts paid out since May 31, 1922, by the Government. The same percentage is provided for as it relates to the proposed Dam No. 3 to include the same percentage on the cost of the acquisition of necessary land and flowage rights.

The provisions as to the repairs, maintenance, and operation of the two dams is clearly set forth. The amounts to be contributed by Mr. Ford have the approval of the Chief of Engineers, as shown in the hearing. The sinking fund provision is set out in detail. It is an interesting feature of the offer.

If the payments as made are invested by the Government at 4½ per cent, the total amount would at the end of the lease amount to \$58,570,003, which would entirely recoup the Government for its outlay. The primary horsepower from the Wilson Dam will be approximately 100,000 horsepower and the secondary power is estimated at 450,000 horsepower.

There is a wide variance in the amount of water in the Tennessee River during the different seasons. The Government has a record for many years showing this variance. It is proposed to bring about the development of reservoirs or storage basins in the mountains of east Tennessee, which would increase greatly the amount of primary power available.

The amount of power to be developed at Dam No. 3 is estimated at 40,000 primary horsepower; secondary horsepower, 200,000. From the construction of these two dams it is estimated that the value to navigation is approximately \$8,500,000. This would make many miles of the river navigable. At the present time the activities at the Wilson Dam have blocked all through river transportation. The change which would be made in the river by the construction of the dams with the locks would relieve the Government of an expenditure of \$50,000 to \$75,000, which has been the cost of the upkeep and maintenance of an antiquated canal system.

There can be no doubt of the many advantages which will be given to the Tennessee river transportation. The Tennessee River made navigable from Chattanooga through the Muscle Shoals section would mean an increase in shipments of the natural resources along the river.

It would be impossible to give in so limited time all the advantages flowing from this offer if it is accepted.

I want to say that I am proud that Tennesseans are for the Ford offer. At the hearings of the committee at the last session of Congress the then Governor of Tennessee, Gov. Alf Taylor, was given a hearing. He is a Republican, but much loved by all Tennesseans regardless of party affiliations. He urged for the people of Tennessee that the Ford offer be accepted.

Mr. QUIN. Mr. Chairman, does the gentleman from Tennessee yield back any time?

The CHAIRMAN. No. The gentleman consumed his 12 minutes.

Mr. MORIN. Mr. Chairman, will the gentleman from Mississippi use some of his time?

Mr. QUIN. Yes. Mr. Chairman, I yield eight minutes to the gentleman from New Jersey [Mr. GERAN].

The CHAIRMAN. The gentleman from New Jersey is recognized for eight minutes.

Mr. GERAN. Mr. Chairman and gentlemen of the committee, I was very much interested yesterday in the remarks made by the gentleman from Illinois [Mr. McKENZIE] and the gentleman from Iowa [Mr. HULL], a member of the Committee on Military Affairs. The latter gentleman stated, and his statement seemed to cause, as it seemed to me, a considerable amount of interest, for the reason, the gentleman from Iowa argued, that Mr. Ford did not agree to bind himself, his heirs and assigns, to carry out the terms of this contract. He left the impression, it seemed to me, that there was something peculiar in that the first proposal made by Mr. Ford was different from the second proposal; that the first proposal intended to do something and expressed certain ideas in certain words that the second proposal did not express; and that that was very vital to this question of guaranty.

I therefore want to call your attention to the two proposals made by Mr. Ford. The first one is embodied in a letter from the Secretary of War and is known as House Document No. 167. In paragraph 19 of that offer, which is the concluding paragraph, appears the following:

The above proposals are submitted for acceptance as a whole and not in part. Upon acceptance the promises, undertakings, and obligations shall be binding upon the United States and jointly and severally upon the undersigned, his heirs, representatives, and assigns, and the company, its successors and assigns; and all the necessary contracts, leases, deeds, and other instruments necessary or appropriate to effectuate the purpose of this proposal shall be duly executed and delivered by the respective parties above mentioned.

That proposal is dated and signed by Mr. Ford on the 25th day of January, 1922. After that there was another proposal made by Mr. Ford, and that proposal is the one I think that is referred to by the gentleman from Iowa [Mr. HULL]. In the second proposal paragraph 20 takes the place of paragraph 19 in the original proposal, and the second proposal recites:

The above proposals are submitted for acceptance as a whole and not in part. Upon acceptance the undertakings and obligations shall be binding upon the United States—

And so forth.

Then follows in identical language the same specific guaranty made in the proposal No. 1. So that there is no difference between the guaranty in proposal No. 1 and that in proposal No. 2, as set forth in these two documents.

Mr. HULL of Iowa. Mr. Chairman, will the gentleman yield?

Mr. GERAN. I will.

Mr. HULL of Iowa. Is that the language in the present bill?

Mr. GERAN. It is not the language in the present bill, and I am coming to that now, I will say to the gentleman from Iowa. The language of the present bill covering this subject appears in section 23, and section 23 says that—

All the contracts, leases, deeds, transfers, and conveyances necessary to effectuate the acceptance of said offer shall be binding upon the United States and jointly and severally upon Henry Ford, his heirs, representatives, and assigns, and the company to be incorporated by him, its successors and assigns.

The argument is made that these words, appearing in lines 15 and 16, "necessary to effectuate the acceptance of said offer," means that the only guaranty made by Mr. Ford is the guaranty prior to the execution of the contract.

Mr. MADDEN. Mr. Chairman, will the gentleman yield there?

Mr. GERAN. Yes.

Mr. MADDEN. Does the gentleman think the language in the first of the two proposals covers the guaranty that ought to be covered?

Mr. GERAN. Yes.

Mr. MADDEN. Then I propose, before this bill reaches its final stages, to offer that language as the guaranty to be contained in the bill.

Mr. HULL of Iowa. Mr. Chairman, will the gentleman yield?

Mr. GERAN. Yes.

Mr. HULL of Iowa. We are told that Mr. Ford will not accept any amendment. Will the gentleman from Illinois accept that amendment?

Mr. MADDEN. I propose to offer it myself in the form of an amendment.

Mr. HULL of Iowa. Mr. Chairman, will the gentleman yield further?

The CHAIRMAN. Does the gentleman from New Jersey yield; and if so, to whom?

Mr. GERAN. I regret I can not yield. My contention is this: No amendment is necessary in order to carry out Mr. Ford's proposal because section 23 is perfectly plain.

Mr. MADDEN. I think it is myself, but if there is any doubt about it it should be cleared up.

Mr. GERAN (reading)—

SEC. 23. All of the contracts, leases, deeds, transfers, and conveyances necessary to effectuate the acceptance of said offer shall be binding upon the United States, and jointly and severally upon Henry Ford, his heirs, representatives, and assigns, and the company to be incorporated by him, its successor, and assigns.

Those words, "necessary to effectuate the acceptance of said offer," are simply explanatory and are by no means words of limitation. The contracts, leases, deeds, transfers, and conveyances that are necessary to effectuate this offer will be guaranteed and are binding, and so forth.

Mr. MADDEN. I do not think there is any doubt at all but what the language in section 23 covers the first and second proposals, but I do not want any doubt about it. I am willing to adopt the language of any one of the proposals as a substitute for that.

Mr. HULL of Iowa. Will the gentleman yield?

Mr. GERAN. Yes.

Mr. HULL of Iowa. I understand—

Mr. GERAN. For a question, but not for a speech.

Mr. HULL of Iowa. Will you accept that?

Mr. GERAN. I will accept it if you can show to me or anyone else that it is necessary. The two proposals made by Mr. Ford are just as plain as the English language can write them, and section 23 simply expresses what is in these two proposals, namely, that upon the acceptance of this proposition all contracts and leases, and so forth, which are going to be made will be binding upon Mr. Ford, his heirs and assigns, so that we are simply quibbling and continuing to confuse the issue by reading these as words of limitation and not as words of explanation. Furthermore, if there were any doubt about that I would call your attention to section 12 of this bill. Section 12 provides:

As the purchase price for the foregoing plants and properties to be conveyed to the company by the United States, the company will pay the United States \$5,000,000—

And so forth. And further on in the section it is provided that—

Each of said deeds shall refer to or contain the provisions of this offer and said deeds shall be so drawn as to make such provisions covenants running with the land.

So it seems to me it is perfectly plain that when we come to draw our contracts, draw our leases, or draw those papers which are necessary to effectuate the terms of this proposal all those covenants shall run with the land. And then section 18 provides:

In addition to any other remedies that may be possessed by the United States, and as a further method of procedure in the event of the violation of any of the terms of this proposal or any contracts made in furtherance of its terms, the company agrees that the Attorney General may, upon the request of the Secretary of War, institute proceedings in equity in the District Court of the United States for the northern district of Alabama for the purpose of canceling and terminating the lease of Dam No. 2 or Dam No. 3, or both of them, because of such violation or for the purpose of remedying or correcting by injunction, mandamus, or other process, any act of commission or omission in violation of the terms of this proposal or any contract made in furtherance thereof.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GERAN. May I have two minutes more?

Mr. QUIN. Mr. Chairman, I yield the gentleman two additional minutes.

The CHAIRMAN. The gentleman from New Jersey is recognized for two additional minutes.



Mr. GERAN. So it seems to me there is no question but what the Government is amply protected in these matters. But I want to call your attention to one other thing. Mr. Ford undertakes to do certain things and the Government undertakes to do certain things. The main thing which the Government undertakes to do is to advance a sum of money necessary to complete Dam No. 2 and to construct Dam No. 3. It will require approximately—so the engineers estimate—\$50,000,000 in order to do that work, but that \$50,000,000 is by no means all that is necessary to be expended at Muscle Shoals, for Mr. MADDEN, when he appeared before the Military Affairs Committee, stated that Mr. Ford will have to expend a great deal of money himself in order to carry out this proposition. In other words, as Mr. MADDEN said, Mr. Ford will have to expend between \$40,000,000 and \$50,000,000—

Mr. MADDEN. He will have to expend \$59,000,000.

Mr. GERAN. I ask you gentlemen whether it is fair to presume that Mr. Ford is going to expend \$59,000,000 in carrying out the terms of this contract and then default in connection with the fulfillment of his contract. It seems to me we ought not to assume that is true. But if Mr. Ford does, he will lose his \$59,000,000 and the Government will have it. Muscle Shoals will be completed and Mr. Ford's deeds, leases, and contracts will be canceled.

I just want to express a thought which has occurred to me in connection with this, that we learn some things when we come to Congress, and I have learned some things here, too, along with the rest of you.

I have learned that when we went to war we were proud of the possessions of America; we were proud of our material resources; we were proud of our men, of the spirit of our men, and of our ability to carry on the war; but notwithstanding our millions of men, all of our resources, and our apparent ability to carry on the war there was one thing which we lacked, and that was the nitrate necessary for high explosives.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. GERAN. Mr. Chairman, I ask permission to revise and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from New Jersey asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. MORIN. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. SNELL]. [Applause.]

Mr. SNELL. Mr. Chairman and gentlemen of the committee, I am one of those Members who opposed the development of Muscle Shoals by the Federal Government not because I am opposed to the development of water power but because I am absolutely opposed to Federal ownership, development, or operation of industry. The condition that exists at Muscle Shoals at the present time, the enormous waste of millions of the people's money, as admitted by the majority report, at least substantiates the position taken by Congress when it refused to authorize the beginning of this work. However, it was begun under the authority granted the President under the national defense act, and we have spent some \$125,000,000 there, and the question now before us is, What can we best do to get the most out of this development and make it best serve the interests of the American people? We are the directors of this corporation; we are confronted by a cold-blooded business proposition, and we must treat it in a truly business manner. As far as Mr. Ford is concerned, I should just as soon sell it to him as anyone else, but I want reasonable compensation for this most valuable property, and we are not getting that if we accept the proposition now before us.

Without burdening the RECORD with any long argument, I am going to try to state briefly and point out three or four basic reasons just why I am opposing the acceptance of the Ford offer at the present time.

First. The Ford offer on fertilizer production does not mean what it purports to mean, and particularly as it is carried out by the terms of the McKenzie bill. I say this in all earnestness, with the full realization of the importance of this statement, which statement can be backed up by undeniable and undisputed facts as shown on the record. The final Ford offer, dated May 31, 1922, beginning on page 8 of the McKenzie report, shows that section 15 reads as follows:

Inasmuch as the manufacture of commercial fertilizer for our soils and the sale and distribution of same to the farmers and other users thereof constitute one of the principal considerations of this offer, moving to the Government of the United States and its people, the company expressly agrees that it will continuously throughout the lease operate nitrate plant No. 2, using the most economical source of power, at the approximate present annual capacity of its machinery

and equipment in the production of nitrogen and other commercial fertilizers, mixed or unmixed, according to market demand (said capacity being equal to approximately 110,000 tons of ammonium nitrate per annum containing 40,000 tons of fixed nitrogen).

In this offer there is seemingly made a bona fide agreement of a tangible nature, though qualified in some important respects, but possibly capable of being carried out, if such operations could have been so done that Mr. Ford could have netted his 8 per cent. What do we find, however, in the McKenzie bill accepting this offer on fertilizer production? The bill does not follow the language quoted. The wording of the bill—and this is controlling—is very different. The changes are significant and radical and are so worded that Mr. Ford's obligations are materially modified to his very marked benefit. This section, now No. 14, reads:

The company expressly agrees that continuously throughout the lease period, except as it may be prevented by reconstruction of the plant itself, or by wars, strikes, accidents, fires, or other causes not under its control—

Now, note this phraseology—

it will manufacture nitrogen and other commercial fertilizers mixed or unmixed, etc., \* \* \* at nitrate plant No. 2, or its equivalent, or at such other plant or plants adjacent or near thereto as it may construct, using the most economical source of power available.

There is the meat in the coconut, and there is where you have given away your birthright, as far as the actual production of atmospheric nitrogen is concerned, if you accept the Ford offer. These last three lines are entirely different than the original offer. They absolutely release him from making one pound of atmospheric nitrogen at plant No. 2. Then, as a separate and distinct undertaking and having no relation to the making of fertilizer and from which not one pound of fertilizer need be expected or hoped for, he will "maintain nitrate plant No. 2 in its present state of readiness, or its equivalent."

Mr. MADDEN. Will the gentleman yield?

Mr. SNELL. I will.

Mr. MADDEN. The gentleman does not overlook the fact that the statement says he will make fertilizer either at the existing plant or at some other plant that may be constructed. Now, what difference does it make at what plant he makes it?

Mr. SNELL. That is what I want to call to your attention, that you have not followed the original language in the Ford offer of May 22.

Mr. MADDEN. But what difference does that make?

Mr. SNELL. It makes this difference to me, that in the first place you have changed the Ford offer, which Mr. McKenzie says can not be done; and, secondly, you have yielded on the vital proposition of the whole plan, and your yielding is entirely in favor of Mr. Ford and against the American people.

I contend that these changes are significant, for not only will Mr. Ford avoid the operation of nitrate plant No. 2 for the fixation of atmospheric nitrogen—and atmospheric nitrogen is nowhere mentioned or considered in the McKenzie bill, and not one pound of nitrogen so produced need be made thereunder—but under the phrasing of this section is permitted, through suitable enlargement of his present by-product operations, whereby he is already engaged in the manufacture of a fertilizer, ammonium sulphate, if these enlargements are constructed adjacent or near to Muscle Shoals, to make ammonium sulphate and ammonium sulphate only, to the extent of his entire fertilizer obligation, without producing one pound of it in nitrate plant No. 2 or using therefor a single kilowatt of energy from the two dams.

Mr. OLIVER of Alabama. Will the gentleman yield there?

Mr. SNELL. Yes; I will yield now.

Mr. OLIVER of Alabama. If the gentleman will consult the last and the original offer, he will find that the bill has not departed from the offer but uses the exact language of the offer. I will read it:

or at such other plant or plants adjacent or near thereto as it may construct, using the most economical source of power available.

Mr. SNELL. I am taking the offer printed in the McKenzie report made in May, 1922.

Mr. OLIVER of Alabama. This is the original offer signed by Mr. Ford.

Mr. SNELL. I am taking the offer we have before us at the present time. It has been said that the original Ford offer can not be changed, but it has been changed in the bill we have before us.

Two hundred thousand tons of ammonium sulphate, less than one-third of the present United States production of ammonium sulphate, made by Mr. Ford from Alabama coal in by-product

ovens as he may construct them and as has been publicly heralded as being in his plans, or the same or similar product, perhaps even if produced from his extensive coal holdings in Kentucky and West Virginia, would not only completely meet his obligation of fertilizer production but, through the mere maintenance of nitrate plant No. 2 at an insignificant sum per annum, releases for his own profit and use the operation of nitrate plant No. 2 for any other product than fertilizer which he may desire to make if "equivalent readiness" is maintained, and at the same time releases to other uses than fertilizer the 60,000-kilowatt steam plant at Sheffield, the 40,000-horsepower steam plant to be built at Lock 17, and all the power from both dams, a total of some 970,000 horsepower of electrical energy.

No one claims, not even Mr. Ford himself, that Mr. Ford has discovered a process or has contributed in the slightest degree to the scientific development of the art of atmospheric nitrogen fixation. But the altered wording of this bill shows that since his final offer made in May, 1922, he has discovered something else of very great importance to himself, and that is that he can not make and sell fertilizer that is made through the operation of plant No. 2. And I want some gentlemen who say we can not change this contract by dotting an "i" or crossing a "t" to explain why this change was made. If you can change this in one place, you can change it in another; and I want to change it in some places to the advantage of the American people. [Applause.]

On the other hand, he can make and is making ammonium sulphate in his by-product coke ovens and can and is getting for it the market price representing no saving to the farmer, and can completely carry out his fertilizer obligations through its manufacture by enlarging his by-product coke oven operations. This will not lower the cost and will not benefit the farmer, but it will enable Mr. Ford to carry out his contract and secure and retain the personal benefits he is seeking. The Ford fertilizer offer, as bald and vague as it was in his letter of May 31, 1922, completely loses what value it ever had in the light of the present wording of the McKenzie bill.

The changes are significant, the contract so radically modified to Mr. Ford's benefit as to completely demolish his plea for special privilege and to completely evade what the country has been shrewdly led to expect in the way of radically lowered fertilizer costs. Mr. Ford's recent "discovery," therefore, underlies the real reason for the radical change now carried out by the terms of the McKenzie bill.

My second objection to the Ford offer lies in the Ford purpose to gain the undisputed possession of an immensely valuable water power belonging to the Nation, built by the Nation's money, and built mainly for the purpose of the national security in time of war, and to secure it for his own use on terms that violate not only the conditions of the Federal water power act in respect to Federal regulation and control but are at the same time obnoxious and against public rights and interest in both the price to be paid and the length of the lease, 100 years, with a preferred right to negotiate for a further period. The true motive behind the Ford offer, the considerations of the Ford offer moving from the Government to him as beneficiary, is cheap electrical energy. Make no mistake on that point. Henry Ford is quoted as having said, "The destiny of the American people for centuries to come lies at Muscle Shoals," and if he obtains Muscle Shoals he could well add the words "and lie in my hands there." I have here a circular issued by a firm of real estate dealers and selling Muscle Shoals real estate, in which this Ford motive is set forth in better form than I can myself do it. It reads, in part:

Why Henry Ford said:

"I will employ 1,000,000 men at Muscle Shoals.

"I will build a city 75 miles long at Muscle Shoals."

Because Muscle Shoals has 1,000,000 potential hydroelectric horsepower, inexhaustible deposits of raw material, water and rail transportation facilities, over \$100,000,000 in completed factory and plant buildings, now equipped with machinery for manufacturing commodities of life with electric energy at new low cost of production.

And I admit all these reasons are true. Then the circular resumes in these words:

Because Henry Ford visualizes at Muscle Shoals a vast industrial empire, pulsating with happy workers at high wage rate, 1,000,000 jobs, the realization of his ambition, the furnishing of employment to every man and woman who wants and needs employment. The dawn of a new prosperity. The hydroelectric chemical age. The saving of millions upon hundreds of millions annually in living expenses to the American people from the development of this new industrial center in the Tennessee Valley. A second Chicago!

And all this latter "vision" is about 100 per cent plain bunk! Except that over this "vast industrial empire" there will preside Henry Ford and his dynasty, certainly for 100 years and longer if "preferred rights" mean what we understand them to mean.

Mr. ALMON. Was that Howell N. Graves, of New York, who issued that advertisement?

Mr. SNELL. I saw the advertisement on Broadway. I do not know the names of the persons.

There you have it—strikingly and candidly told. Is there any mention of fertilizer in this summary; any evidence of his intent to supply cheap or any kind of fertilizer? It is power he wants. It is power he will get—mechanical power, social and political and industrial power beyond belief, on which he may indeed build an "industrial empire."

Because "Muscle Shoals has 1,000,000 potential water power, and over one hundred millions in completed factory and plant buildings" and is now equipped for manufacturing not only the commodities of life but all commodities with electric energy at new low cost of production—there we have the true statement of why Mr. Ford wants Muscle Shoals for his very own on terms that he challenges the Congress to change by the dotting of an "i" or the crossing of a "t," under threat of withdrawal of his offer, and has the effrontery to flout a sovereign State seeking some assurance of power for its insistent needs by compelling its Senator to be satisfied with an assurance made by a "Ford representative" that Mr. Ford will at some time allocate some of this power to Mississippi.

Mr. MADDEN. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. MADDEN. Does the gentleman believe what he says when he says that Muscle Shoals will develop 1,000,000 horsepower?

Mr. SNELL. I believe it has potential possibilities of somewhere between 800,000 and 900,000 horsepower.

Mr. MADDEN. On what does the gentleman base his belief?

Mr. SNELL. On the testimony given by the engineers before the Military Affairs Committee.

Mr. MADDEN. There is not a man living who can tell that with any degree of accuracy.

Mr. SNELL. I will admit that to a certain extent it is indefinite, but that is the testimony of the engineers before the committee, and I read it in the hearings. It is the best evidence you have, and it is the evidence you have used in preparing this bill.

Mr. MADDEN. But the gentleman did not say that. The gentleman did not say it was in the testimony; the gentleman said it would be possible.

Mr. SNELL. I believe it is possible; and, besides, it is in the hearings and has been disputed by no one.

Mr. McSWAIN. Will the gentleman yield?

Mr. SNELL. I would like to finish this statement and then I will be glad to yield.

I know something about hydroelectric power. I have built and own a water power, developed electrically, in northern New York; a small one it is true—only some 3,000 horsepower. I know something of water-power values; what electrical energy means to industry now; what it will mean in the future, as coal grows scarcer, more costly, as labor costs, transportation costs, transportation difficulties increase. Were it possible to transfer Muscle Shoals to New York State, or to New England, or to Detroit, the present-day values of 850,000 horsepower, in mere dollars and cents, are simply staggering. Even at Niagara Falls, that great water power, built in part by nature, the average price at the switchboard is some \$19.60 per horsepower year, and this price includes long-time contracts made years ago at a ridiculously low figure, and taken up by industry at that figure, because that figure is already cheap power. I am informed you can not get it at any price at Niagara Falls at the present time.

I wonder how many of us here know or comprehend the magnitude of the power possibilities at Muscle Shoals. There is to be installed at Dam No. 2, 600,000 horsepower, in generating capacity; at Dam No. 3, 250,000 horsepower, in generating capacity. There is already installed an 80,000-horsepower modern steam unit at nitrate plant No. 2. There is to be built for him, under the Madden amendment, an additional 40,000-horsepower steam plant at Lock 17. This makes a grand total of 970,000 horsepower. He calls it a million horsepower. To be fair, not all of this water power is primary power at the present time—by primary power is meant power available 365 days in the year and for 24 hours per day.

But there is a very large amount of primary power immediately available on completion of the dams, something like



250,000 horsepower, and Mr. Ford has very skillfully insisted upon the installation of generators and water wheels for the total amount above named, 850,000 horsepower, because he realizes that as headwater improvements are made on the Tennessee River the primary power is immensely increased and that ultimately, perhaps within the next 10 or 15 years, the total of primary power will be the same as the installed generating capacity. So that projecting the matter in the future, as may with propriety be done, say, 10 or 15 years from now, Mr. Ford at that time will have available from the water power, 850,000 horsepower in primary power, and this increase from the present amount of primary power will, under the McKenzie bill, cost Mr. Ford not one cent. He is not required to contribute a penny toward headwater improvements or storage, but what does he gain? The figures are illuminating as showing canniness, at least, in insisting upon the installation of so large a generating capacity.

Mr. McSWAIN. Will the gentleman yield right on that point?

Mr. SNELL. Yes.

Mr. McSWAIN. The gentleman knows the reputation of Mr. Elon H. Hooker, President of the American Association of Engineers, and one of the bidders here. Mr. Hooker is from New York, and the gentleman knows his reputation?

Mr. SNELL. I do.

Mr. McSWAIN. Did the gentleman read the hearings where Mr. Hooker testified on his professional reputation that there was not over 75,000 horsepower, primary, at Dam No. 2?

Mr. SNELL. I know the man who knows more about this than any other man on the floor of this House and he himself told me that there is at least 150,000 primary horsepower, and that is the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. Let me correct the gentleman. The building of Dam No. 2 and Dam No. 3 will create 121,000 primary horsepower.

Mr. SNELL. I understood the gentleman to tell me the other day he thought there was at least 150,000 horsepower at these two dams.

Mr. ALMON. And the two steam plants, 120,000 horsepower, making a total of 241,000 horsepower.

Mr. SNELL. The exact amount is somewhere along there. We can not tell exactly what it is.

With each improvement of the river or its tributaries above him, that would add a mere 50,000 horsepower to his primary capacity, and without, as I have said, costing Mr. Ford a single penny, Mr. Ford's power costs would materially decrease in a radical way, though his payments to the Government remain fixed at the yearly rate of \$2,199,649.54 throughout the entire lease period of 100 years. These decreases are interesting to compare with even the low costs at Niagara. Assuming that Mr. Ford has at the beginning of the lease period 250,000 primary power, his cost per year per horsepower is \$8.80. When headwater improvements add 50,000 horsepower—or 300,000 horsepower primary—his cost per horsepower is cut to \$7.33 per annum; when 350,000 horsepower is available, his cost becomes \$6.28 per horsepower.

With 400,000 horsepower, the cost is \$5.49.

With 450,000 horsepower, the cost is \$4.88.

With 500,000 horsepower, the cost is \$4.40.

With 550,000 horsepower, the cost is \$4.

With 600,000 horsepower, the cost is \$3.66.

With 650,000 horsepower, the cost is \$3.38.

With 700,000 horsepower, the cost is \$3.14.

With 750,000 horsepower, the cost is \$2.93.

With 800,000 horsepower, the cost is \$2.74.

With 850,000 horsepower, the cost is \$2.58.

And even on top of this and before the regular contract begins he has 100,000 horsepower for six years at \$2 per horsepower. Eighty thousand horsepower more for three years at \$2 per horsepower, a lower price by twice over than horsepower was ever sold anywhere in the civilized world. I want you to think of these figures before you vote for this measure.

Or, in other words, Mr. Ford gets for \$2,200,000 per year that which is richly worth even in that location under present conditions at least \$12,200,000—a straight out-and-out gift to Mr. Ford of \$10,000,000 a year for 100 years. This proposition has Teapot Dome beaten a hundred ways in giving away Government property. And before you are through with it, it will be a bigger scandal.

Disregarding the Sheffield steam plant—except to say that there is an offer for it of \$4,500,000—this 850,000 horsepower would yearly produce nearly double the energy in kilowatt hours now used in the entire New England district, namely, 5,550,000,000 kilowatt hours at Muscle Shoals as against 3,384,000,000

kilowatt hours for the entire New England district; nearly one-half of the energy now used in the middle Atlantic district, including Niagara Falls, 5,550,000,000 kilowatt hours compared with 11,620,000,000; practically as much as all the energy now used in the Pacific district, 5,550,000,000 kilowatt hours compared to 5,650,000,000 kilowatt hours there. It is some 249,000 horsepower more than the ultimate development of power on the American side at Niagara Falls. It is more than one-half of the developed water powers in the entire South, and represents more than 20 per cent of the total potential water-power resources of that region. When given to Henry Ford for his private use, and therefore not available or intended for general industry, there will remain in the South to fill the growing and insistent needs for power coming from a population of 18,000,000 people, something over a bare million and a half of potential water power classified as good, indifferent, and poor, yet remaining to be developed.

What folly to say, as does the McKenzie report, that there is nothing in the history of the electrical-power business to indicate that water-power rights will be more valuable 50 years hence than they are to-day. The argument is unique and specious. It is diametrically opposed to known and actual facts. As coal costs increase due to well-known and clearly recognized causes, water power becomes increasingly valuable and increasingly necessary to our industrial existence. Why, all any man needs to do to refute this argument is to refer to the long debates on the water power act. The fundamental principles of that whole act are the increasing values of the water powers and natural resources and they must be kept for all time for the people. Yet the first opportunity you propose to vitiate that whole act and give the largest single water power in the East to one man to do as he pleases with for 100 years. It is the crime of the age, and the worst of it is that it is done in the name of agriculture. If any other man made a similar offer on a much less valuable power, it would not receive five minutes consideration in this House.

Third. The Ford offer demands a fee simple title to the entire nitrate properties, including the new steam power plant, and site 100 miles away, and the new transmission line proposed by the Madden amendment, the latter the greatest piece of folly contained in the whole bill.

I am unalterably opposed to the transfer by the Government of these great plants, primarily built as a measure of national security, to any private agency of any kind. The Government can not now and can not in the future rely on foreign or alien sources of nitrogen for war purposes. The underlying purpose behind the building of these great plants was to have a permanent agency in the hands of the Government for securing this war essential.

I assert, without fear of successful contradiction, that every legitimate purpose behind the Ford offer can be fully met, every desire to serve the farmer fully carried out, by leasing these properties on a long time and generous lease which at the same time shall safeguard every national right; and, further, that as nitrate plant No. 1 has become of striking usefulness under our present knowledge of the spectacular and revolutionizing developments in the synthetic production of ammonia, every precaution should be taken that this plant should be put to work, and by no means, or under any circumstances, scrapped. It represents the true hope and expectation of cheap fertilizer through the development therein of the synthetic process. A revolution in the industry impends through the discovery of a new catalyzer at our own fixed nitrogen laboratory, that gives us a commanding position for not only an unequaled explosive but an unbeatable process for fertilizer, and nitrate plant No. 1 has become thereby of infinitely greater importance than nitrate plant No. 2.

Neither plant should be sold. Neither should be scrapped. No justification can be urged for their sale or their scrapping in the light of this new value established by the recent startling advances in the art.

The German production of ammonium sulphate in 1922, for example, was some 1,425,000 tons, and 1,050,000 tons were produced by the synthetic process, only 375,000 tons by the by-product process. The Germans lead the world in this production and at low prices, but what they have done we can do even better under our new catalyzer, and there can be brought about at Muscle Shoals and elsewhere where cheap power is available a production even greater in quantity and lower in cost than the German's.

But it can not be done at nitrate plant No. 2, nor under the Ford plan of ammonium sulphate from by-product ovens, obligated as he is to supply only 200,000 tons, which I again repeat, need not, under his contract as it now reads, be made to the extent of a single pound at nitrate plant No. 2.



I am just as much interested in getting cheap fertilizer for agricultural needs as any man here, but I do not propose to be fooled about it. Let us have a clean-cut power proposition and a clean-cut fertilizer proposition. We can afford to give away every horsepower used in the production of fertilizer if we get the market price for the balance. You could use the secondary power for 9 or 10 months of the year to manufacture nitrates and easily sell the primary power for twice as much as Ford is offering. I maintain if we use our heads and are not carried away by propaganda Muscle Shoals can be made to produce fertilizer at the lowest possible cost and pay interest on every dollar the Government has ever put there.

Therefore I earnestly protest against the unparalleled folly of passing the Muscle Shoals bill as recommended by the Military Affairs Committee. I earnestly ask you to read and digest the enlightened views and facts presented in the Hull report. No saner or more clearly stated analysis has ever been made of the real demerits and unfairness and objections to the Ford offer, and which I have only treated in part.

We can not afford to pass legislation of this magnitude so pregnant with evil for generations yet to come, so menacing, I believe, to the present one, without considering where we shall land. Truly Mr. Ford has said: "The destiny of the American people for centuries to come lies at Muscle Shoals," but this destiny is surely safer in the hands of the Nation and under its control and regulation than in the uncontrolled hands of an individual builder of an empire there. Shall we sell—does the Congress and this administration in the light of the real and verifiable facts dare to sell—the Nation's birthright at Muscle Shoals for a mass of fertilizer promises? [Applause.]

Mr. QUIN. Mr. Chairman, I yield 13 minutes to the gentleman from Alabama [Mr. HILL]. [Applause.]

Mr. HILL of Alabama. Mr. Chairman, on yesterday the gentleman from Iowa had something to say about Mr. Gray Silver and Col. J. W. Worthington being promoters. I might say that after the very able speech of the gentleman from Michigan this morning I can not think of the gentleman from Iowa that I do not recall the line from Hamlet when Hamlet walked into the graveyard, picked up the skull, looked at it, and exclaimed, "Alas, poor Yorick."

Let me say that Colonel Worthington is a citizen of Alabama and that the people of Alabama are proud to claim him. He has given of his time, of his money, of his life to the development of this great project for national defense and for the farmers of this country. More than this no man could do. [Applause.]

As has been well explained by the gentleman from Illinois [Mr. McKENZIE], the Government enterprise at Muscle Shoals was undertaken by the Government of the United States for the express purpose of carrying out the provision of section 124 of the national defense act. That section provided for the manufacture of nitrogen to supply munitions of war in time of emergency and to supply fertilizer for the farmer in time of peace. This was the purpose for which the plants at Muscle Shoals were located and constructed by the Government, and thus should and must be the paramount and dominant consideration in the disposition of Muscle Shoals by the Government. But as an Alabamian, as a Representative of the people of Alabama, may I remind you gentlemen that in any disposition of Muscle Shoals the people of Alabama are in a very real and peculiar sense concerned. Their welfare, their happiness, and their prosperity in no small measure depend upon the disposition of that gigantic source of power.

My State is an agricultural State, and the farmers of my State, together with the farmers of the whole country, will profit from the manufacture of fertilizer at Muscle Shoals. But there is another matter of compelling consideration to the people of Alabama in the disposition of Muscle Shoals. Of the 850,000 horsepower at Muscle Shoals no one has advocated the need of using more than a part of that great power for the manufacture of fertilizer. This leaves a large part of that great power to be used for other purposes and the use of this power is of tremendous importance to the people of Alabama. Need I call to your attention, gentlemen of the House, the fact that vital as is the disposition of Muscle Shoals to the people of Alabama, they have no authority, no power in that disposition. As Muscle Shoals is the property of the United States, Congress is the only body that has any authority or power in the disposition of Muscle Shoals. Congress and Congress alone can say how Muscle Shoals shall be disposed of. I therefore ask that I may have the privilege at this hour of giving to you something of the feelings and of the sentiments of the people of Alabama on this great question.

In 1907 the Alabama Power Co., almost entirely owned and wholly controlled by British capital and British interest, a

company of Alabama in name only, commenced its activities in the State. In that year it deluded and ensnared the Legislature of Alabama into the passage of the 1907 water power act. By that act the State of Alabama practically abdicated its sovereignty over its greatest natural resource, the use of its splendid rivers for the production of power. By that act the owners of power sites were granted in perpetuity the right to construct their dams and works without payment of one cent to the State in return therefor. By that act the owners of power sites received the State's right of eminent domain for the condemnation of land for flowage and other purposes and paid not one cent to the State in return therefor. By that act the owners of power sites were granted an exemption from taxation for all works of water-power development. By that act the Alabama Power Co. acquired all of the best of the power sites in the State and all the special privileges granted thereunder and laid the foundation of its great design—the throttling of the Commonwealth in the iron grip of its monopoly. In the furtherance of that design it has known no limitation. It has had its legislators, its public officials. It has had its champions in Congress. It has endeavored to subsidize the press, to deceive the people. [Applause.]

For 25 years the people of Alabama, conscious of the tremendous possibilities of Muscle Shoals, have sought and prayed for its development. Too stupendous in cost for their undertaking, they witnessed with joy its purchase by the Government. Disappointed in the defeat in 1921 of the bill that provided for the governmental completion in large degree of the project, which defeat was brought about by the perverse action of a Member of this House who afterwards resigned to become a lawyer for the Alabama Power Co., the people of Alabama waited with anxious hearts, with eager anticipation, while the Government sought to find some one who would take over Muscle Shoals and complete its development. After a number of months of waiting by the people of Alabama, in response to a plea from them, Mr. Ford came forth and made his now famous offer. This offer meets every requirement of section 124 of the national defense act. It absolutely guarantees the manufacture annually of 40,000 tons of fixed nitrogen for munitions of war in time of emergency and for fertilizer in time of peace. It assures the production of an amount of fertilizer equivalent to 250,000 tons of Chilean nitrate or equal to 2,000,000 tons of 2-8-2 commercial fertilizer. This is an amount of nitrate equal to the entire annual imports from Chile used by American agriculture before the World War. We find that during the fiscal year ended June 30, 1923, American farmers paid the Chilean Government \$11,239,384 as a tax simply for the privilege of buying necessary nitrate from that country. If the establishment of the nitrogen industry at Muscle Shoals under the Ford offer resulted in nothing more than in eliminating the export duty collected by Chile for the privilege of purchasing nitrates in that country, it would have paid a dividend to American farmers and consumers of more than 5½ per cent on \$200,000,000. But authorities everywhere declare that the acceptance of the Ford offer and the establishment of a nitrogen industry at Muscle Shoals will reduce the cost of fertilizer one-half. The annual expenditure of the farmers in this country for fertilizer over the past five years has been, in round numbers, \$300,000,000 a year. Cutting this bill in half would save the farmers of this country \$150,000,000 a year. In my State of Alabama we have important iron and steel industries, and Alabama is a large producer in the coal and coke industry, and Alabama's textile industry grows yearly; but Alabama, like every other State of the Union, is without the nitrogen industry.

Henry Ford proposes to establish at Muscle Shoals in Alabama the nitrogen industry, without which no nation can consider itself safe in time of war and without which no nation can preserve and increase the soil fertility of its lands. Resting on every acre of land there are 33,880 tons of nitrogen in the atmosphere. Henry Ford proposes to "fix" this nitrogen so farmers can use it, and the farmers in my State of Alabama look forward with confidence that Henry Ford will reduce the cost of their fertilizers one-half. Alabama farmers paid for fertilizer in 1920, \$14,066,108 for about 341,000 tons, and they paid in 1910, \$7,630,952 for about 425,000 tons; that is, they paid 84 per cent more money for 4 per cent less tonnage, strange as it may seem. When Alabama farmers can get these fertilizers for one-half what they have been paying for them in normal times they will double and treble their purchases, and will by so doing double and treble their production per acre.

The Ford offer was received throughout the State with deep gratification. At last the great project at Muscle Shoals was to be developed. At last the hopes of the people were to be



realized—their prayers were to be answered. The Commonwealth was vocal with the plea of the people to Congress for acceptance of the offer. But there was one dissenting voice. Bearing the honored name of Alabama, there was one dog in the manger. Did the Alabama Power Co. join hands with the people of Alabama for the acceptance of the offer and the development of Muscle Shoals? Did they lend their help or lift their voice to further the cause? Conscious of their inability to undertake the development of Muscle Shoals themselves; conscious of the fact that they had preempted the entire water-power sites and rights in perpetuity of the Coosa, Tallapoosa, and Little Rivers, which practically took in all the water power in the State except that at Muscle Shoals; and conscious of the fact that at the rate they were then developing it would take them a hundred years to develop the power they held, the Alabama Power Co.'s president announced through the press when the Government, through the Chief of Engineers of the Army, called for bids for the development of Muscle Shoals that they were not interested in Muscle Shoals for themselves and that they would make no bid for it.

They knew full well of the untiring efforts of the nitrate director of the War Department in 1919 to interest private capital in the development of Muscle Shoals and of his failure. They knew full well of the efforts of the Chief of Engineers of the Army to secure bids for Muscle Shoals and how, after a number of months of widest publicity, Mr. Ford made the only genuine offer. The Alabama Power Co. not only did not help the cause of the acceptance of the Ford offer, fraught with such tremendous possibilities for the people of the State and particularly for the farmers, but they sought to ridicule it, to laugh it to scorn, to damn it with the smile of contempt. They said that the offer was not practical; that neither Henry Ford nor anyone else could successfully manufacture fertilizer at Muscle Shoals. Unable to deceive the people, unable to mislead them, unable to deter them in their urge for the acceptance of the Ford offer, the Alabama Power Co. now comes forth and makes an offer, an offer that failed utterly to meet the requirements of section 124 of the national defense act, an offer that made no provision whatever for the manufacture of nitrogen for war munitions or for fertilizer for the farmer. The Alabama Power Co. made this offer with no expectation of its acceptance, with no faith in its worth, but they made it solely in the effort to obstruct, to thwart, to delay, to encompass the defeat of the Ford offer. [Applause.] Then it was that the people of Alabama awakened to the sinister motives and unholy designs of the Alabama Power Co.; were stirred as they have not been stirred in 50 years. In civic clubs, in secular societies, in farm meetings, in directorates, in committees, in official bodies, in public gatherings, in mass meetings they came together and petitioned and prayed and memorialized Congress to accept the Ford offer and to deliver them from the conspiracy of the Alabama Power Co. monopoly. Telegrams asking the deliverance poured in to the Members of this House, and the mails were laden with messages of protest. The Legislature of Alabama adopted the following joint resolution:

Senate Joint Resolution 9.

Whereas the Muscle Shoals enterprise and its development for the benefit of the agricultural interests of this Nation being of profound importance; and

Whereas it being known that Mr. Henry Ford has made to the Government of the United States of America a proposal for the development, leasing, and control of said enterprise; and

Whereas it being known that Mr. Ford's organization is financially able to develop said industry and the marked efficiency of his organization is almost a matter of common knowledge; and

Whereas the agricultural interests of the country have confidence in the proposal of Mr. Ford to manufacture their needed fertilizers at a much lower cost to them than they have been able to obtain heretofore: Therefore be it

*Resolved by the Senate of Alabama (the House of Representatives concurring).* That the Congress of the United States of America is hereby petitioned and memorialized to adopt such measures and enact such laws as will cause the favorable acceptance by the Government of the United States of Mr. Ford's proposal; and that a copy of this resolution be forwarded to the Presiding Officers of the Senate and the House of Representatives of the Congress of the United States, and to each Senator and Member of Congress from the State of Alabama.

Passed Senate of Alabama, October 4, 1921.

Passed House of Alabama, October 6, 1921.

Anxious that Congress might know that all minds were as one, that all hearts were as one, 5,000 of Alabama's citizens gathered together in mass meeting assembled in Montgomery, the capital of the Commonwealth. They came from every corner, from every part of the State. They came representing

county governments, municipal authorities, women's clubs, labor bodies, chambers of commerce, civic bodies, and farmers' organizations. Never in all the years of that historic old capital city had there been a meeting whose atmosphere was more surcharged with enthusiasm, whose purpose was more determined, and whose sentiments were more unanimous. As a Representative of the people of Alabama, permit me to present and to read to you at this time the memorial to the President and the Congress of the United States adopted by that great meeting:

MEMORIAL TO THE PRESIDENT AND CONGRESS OF THE UNITED STATES AND THE COMMITTEES OF CONGRESS ADOPTED BY THE STATE-WIDE MASS MEETING HELD IN THE CITY AUDITORIUM AT MONTGOMERY ON WEDNESDAY, MARCH 1, 1922.

We, citizens of Alabama, 5,000 strong, representing county governments, municipal authorities, women's clubs, labor bodies, chambers of commerce, civic bodies, and farmers' organizations from every quarter of the State, in mass meeting assembled at Montgomery, with full confidence in both the justice and wisdom of the President and Congress, do hereby declare:

That while the entire Muscle Shoals stretch of the Tennessee River lies within the borders of this State, the right to control and regulate the river in the interest of the Nation's commerce has been ceded by the State of Alabama to the Federal Government. We recognize the fact that Muscle Shoals is the property of the Nation, belonging alike to the people of all of the States; and while we claim no greater right than any other State to say what shall be done with Muscle Shoals, we believe that we but exercise the guaranties of the Federal Constitution when we petition Congress that this great national asset be not employed by the Government as an instrumentality for fastening upon us and upon our children and our children's children the yoke of an oppressive and burdensome monopoly.

We affirm that the Alabama Power Co. now owns and controls a number of splendid power sites on the Coosa River in this State; that it owns and controls all of the available power sites on Little River in Alabama; and that it owns the wonderful power site at Cherokee Bluffs on the Tallapoosa River in this State; that in the 14 years since its incorporation it has built one power dam in this State and commenced work on one other dam; that at the present rate of development of the power potentialities already under the control of this corporation more than 100 years will go by before all of these dormant water powers are harnessed; that it has been the policy of that corporation to develop only such power as can be sold in small units and at high prices; that controlling as it does all of the great water-power sites in a State blessed by God Almighty with wonderful power possibilities, it, a foreign-controlled corporation, is in position to litigate with any American-owned organization which may seek to develop any one of Alabama's wasting water powers, just as it now threatens to litigate with Henry Ford, or with the Government, if either seeks to build Dam No. 3 at Muscle Shoals, or to control the Government-built steam plant and transmission line at Gorgas; that in spite of the fact that this foreign-owned corporation has long enjoyed exemption from taxation in this State, it has been busy ever since its entrance into Alabama in preempting every great power site within our borders, and in so copper-riveting its hold on all of Alabama's great hydroelectric potentialities as to prevent for all time their development by any possible competitor; that it has been its policy to buy these power sites at farm-land prices and to hold them in perpetuity as power sites; that it already controls the utilities in our principal cities and is year by year securing the control of the utilities in our towns and villages; and that if it secures Muscle Shoals it will have perfected its control of all of our great water powers and will hold in its selfish grasp all of these instrumentalities, placed within our borders by a beneficent providence for the promotion of the commercial and industrial welfare of all the people.

We hold that it would be a travesty on legislation if, after many years of congressional consideration of how best to conserve the power in our navigable streams for the benefit of all the people and how most surely to preserve them from being used as instruments of monopoly, the Nation's greatest water power should be handed over to the Alabama Power Co. under the national water power act; and we

Further hold that it would be the quintessence of legislative folly for the Government, after 10 years of investigation as to how best to free the United States from its dependence upon a foreign power for its supply of nitrogen for explosives, in the event of war, and after spending millions of dollars in the construction of the greatest nitrogen fixation plant in the world, to turn over the only power capable of successfully operating the nitrate plant to a corporation owned and controlled by foreigners.

We remind Congress that just as the Alabama Power Co. has returned evil for good to the people of Alabama, so it is the one corporation whose dealings with our country in the grim emergency of war were so shameless, selfish, and conscienceless that when its conduct was investigated by a select committee of Congress the minority members of this committee joined with the majority in denouncing its brazen and sordid betrayal of its duty to a war-beset nation.

Again affirming our utmost confidence in the ability and the desire of the President and the Congress of the United States and the committees of Congress to reach the soundest solution of the pending questions relating to the disposition of Muscle Shoals, we wish to express ourselves with regard to Mr. Henry Ford's proffered contract with the Government. The subject is of such vital interest to the people of Alabama that with greatest enthusiasm they have assembled in this meeting for the purpose of making this memorial:

"Upon mature deliberation we, as citizens, do express our firm conviction that it is to the best interest of the United States and to the interest of the people of Alabama that the offer of Henry Ford be accepted and concluded as a binding contract and for the following among other reasons:

"The acceptance of the Ford offer would insure the operation in Alabama of at least two great organizations engaged in the development and sale of hydroelectric energy and would further insure competition in the distribution and sale of power throughout the territory which can be reached by transmission lines from the several power sites on the Tennessee River whose development is within the contemplation of the Ford offer.

"The Ford offer insures the operation of United States nitrate plant No. 2 for a period of 100 years for the production of fertilizers in time of peace and for the production of nitrates for explosives in the event of war.

"It insures to the millions of farmers throughout the United States, whose organizations have with unanimity indorsed the offer of Henry Ford, the continuous operation of this Government-built plant for the production of nitrate fertilizers in competition with the present producers of nitrates, by a company whose profits will be limited to 8 per cent, and in sufficient volume to have a controlling influence in fixing the price of nitrates and nitrate fertilizers for agricultural uses.

"The Ford offer insures to the people of the United States the operation of nitrate plant No. 2 and its maintenance in such a constant state of readiness, with a trained force of operatives, as to guarantee to the Government and its citizens an independent, internal supply of nitrates, in exact accord with the announced intention of Congress as expressed in section 124 of the national defense act of 1916.

"The Ford offer guarantees the construction of Dam No. 3 and makes provision for use by the people of the United States for purposes of navigation of one of the country's largest and most important rivers which is an integral part of the great Mississippi River waterway system.

"In the consideration given to the various offers for Muscle Shoals much has been said about the profit and loss that would accrue to the Government of the United States and to its people from the acceptance or the rejection of the various offers. We respectfully urge that a plan which looks to a constant supply of cheap fertilizers for the farmers of the Nation through a period of 100 years, which insures to American industry during that period the use of nearly 1,000,000 horsepower of electric energy, which provides for the security of the Nation in the event of war, and which guarantees the navigability of one of the country's greatest rivers for all time. These continuing additions to the resources of the Nation, if it were possible to express them in terms of dollars, with interest at 4 per cent, will in the course of 100 years add so vastly to the wealth of the Nation and the prosperity of its people that any difference in the price of the nitrate plant as fixed in the several offers, and any difference between the purchase price offered and the estimated possible scrap value of the property, is dwarfed into insignificance.

"With these considerations in view and having in mind the freedom of our own people from a galling and oppressive water-power monopoly, the freedom of the American farmer from a burdensome and grinding fertilizer monopoly, the opening of a great river to navigation, and the security of the country in the event of war, we urge the President and the Congress of the United States to accept the offer of Henry Ford, whom we verily believe seeks through his offer to dedicate to the American people and especially to the farmers of America his genius and his fortune.

"We indorse the sentiment 'America first' and Muscle Shoals first for Americans and, above all, for American farmers. Henry Ford is a typical American, who by his genius has done more for country people and country life than any other man of his time. A man who has the trust and confidence of the great masses of the common people, as evidenced by the resolutions adopted by every gathering of plain, ordinary Americans, including the representatives of 4,000,000 farmers, who have given voice to their sentiments in regard to his proposal for the development of Muscle Shoals.

"We believe the issue in Congress is clearly drawn. It is a contest between the people and the interests which control the people's fertilizer and power resources.

"On behalf of the army of the unemployed, in the interest of the great body of plain American citizens, in the name of millions of perplexed and burdened farmers, we beg our President and the Congress of the United States and its committees to promptly accept the offer of Henry Ford.

"J. L. ANDREWS.

"FRANCIS PATTERSON WALKER.

"J. J. BUFFINGTON.

"H. C. RANKIN.

"EDW. A. O'NEAL.

"S. P. McDONALD.

"CHAS. L. HAROLD.

"EDWARD DOTY.

"This resolution was unanimously adopted.

"B. M. ALLEN, *Chairman*.

"C. E. JOHNSON, *Secretary*.

"MARCH 1, 1922."

Mark you, gentlemen, that the people of Alabama have spoken to you as Alabamians, but they have also spoken to you as Americans. They have petitioned you to deliver them from a galling and oppressive water-power monopoly, and they have also petitioned you not to surrender the security of the country in the event of war, into the hands of a corporation owned and controlled by foreigners. They remind you that the Alabama Power Co. is the one corporation whose dealings with our country in the grim emergency of war was so shamelessly, selfish, and conscienceless that when its conduct was investigated by a select committee of Congress, the minority members of this committee joined with the majority in denouncing its brazen and sordid betrayal of its duty to a war-beset Nation. Let me remind you that following that great meeting in Montgomery, it became the duty of the Attorney General of the United States to pass upon the validity of the contract made between the Alabama Power Co. and the Government during the war for the construction of the Gorgas Steam Plant, and such was the Attorney General's opinion of that contract that he was moved to write these words:

No one can carefully analyze the long and rather complex contract made with this company (The Alabama Power Co.) without being impressed with the harsh and even drastic provisions which it imposes on the Government. When its intricate provisions are closely scrutinized and their full significance realized, it becomes at once apparent that the company lost no opportunity of turning to its own advantage every possible change of circumstances.

Let me remind you further that it was on this contract held null and void by the Judge Advocate General of the Army and by the Attorney General of the United States and found by a committee of Congress to be reeking with Alabama Power Co. disloyalty to this war-beset Nation, that the Alabama Power Co. sought to charge that the people of Alabama were unfair in asking that the Gorgas Steam Plant, together with the other Muscle Shoals property be sold to Mr. Ford.

Since that great meeting in Montgomery, the Alabama Power Co. has marshaled in its offices at 120 Broadway, New York City, the forces of Wall Street, of the Fertilizer Trust, of the Aluminum Trust, of the predatory interests in an effort to defeat the Ford offer. Throughout the country these selfish interests have waged a sinister and unholy campaign against the Ford offer. The Alabama Power Co. has literally flooded the State of Alabama with propaganda of misrepresentation and of deception. They have proclaimed to the people of Alabama through the widest publicity that their offer would bring into the Federal Treasury each year more money than the Ford offer.

The fact is that 14 Members of this House, in reporting to this House the bill for the acceptance of the Ford offer, show that each year the Ford offer will put into the Federal Treasury \$235,000 more than will the power companies' offer. They have attempted to lead the people of Alabama to believe that if they could get Muscle Shoals they could distribute much more power than they are now distributing and could meet more demands than they are now meeting. They have not told the people of Alabama that they hold more than sufficient power to satisfy every need in the State if they would only develop that power. They have attempted to lead the people of Alabama to believe that if Mr. Ford gets Muscle Shoals he will not distribute power. They know that Mr. Ford, on the 11th day of October, 1923, issued a statement in reply to a statement from the Secretary of War, in which Mr. Ford said that he would distribute power. They know that this means competition and that competition means good service and fair rates for the people of Alabama. [Applause.]



Since that great meeting in Montgomery, the Alabama Power Co., in an effort to influence the people of Alabama, has spent thousands of dollars, and all of this money they have taken from the pockets of the consumers—the people of Alabama. They have attempted to subsidize the press. Column after column of their advertisements have appeared in our papers. They have banqueted civic clubs and societies. They have given fine prizes and made large donations. They have chartered private cars and special trains, and financed junketing trips of all sorts. They have gone into municipalities and made all kinds of promises of cheap rates and fine service. They have set out to gain control of directorates and of high officials. Everywhere, in a thousand ways, they have attempted the purchase of the people of Alabama. My people are not a rich people, but they are an honorable people. They have not swerved—they have not turned. They remain steadfast and unanimous in their desire for the acceptance of the Ford offer. [Applause.]

Just as our committee was on the verge of closing the hearings on Muscle Shoals, the Alabama Power Co. joined hands with eight other power companies of the South, all descendants of a common ancestor, all children of British capital, and all seeking, by their joint efforts, to acquire a monopoly of the water power of the South. These companies, under the leadership of the Alabama Power Co., brought in a new offer for Muscle Shoals. After the expenditure of so much money in Alabama, after such great efforts on the part of the Alabama Power Co., the Alabama Power Co. was able to present to our committee witnesses from Alabama in number less than the fingers of the hand.

These witnesses did not possess the effrontery to advocate the offer of the power companies. They all said that they came merely to ask that Muscle Shoals be disposed of to the interest of Alabama. But their coming found its explanation when one of these witnesses admitted on being questioned by me that the first thing he did when he arrived in Washington was to go to the room of the president of the Alabama Power Co. at the Washington Hotel, where, on paper furnished him by the president of the Alabama Power Co., the witness, together with the president and the attorney of the Alabama Power Co., prepared the notes from which the witness testified before our committee. One of these witnesses was the distinguished mayor of Mobile. When he appeared before our committee, the people of Mobile, fearful lest his appearance might be interpreted as representative of them, held a referendum vote on the disposition of Muscle Shoals, and the result of that referendum was 11,856 votes for the acceptance of the Ford offer and 17 votes for the acceptance of the power company's offer. [Applause.]

If a referendum could be held this day throughout the State of Alabama, the answer would be no less decisive, no less emphatic. There are 10 Representatives from that Commonwealth in this House, and there will be 10 votes from that Commonwealth in this House for the Ford offer. Yea, more, when the roll shall be called and the South shall answer, I prophesy that there will not be one discordant note in that answer. Never in all its history has there been in the South more singleness of purpose, more unanimity of feeling than there is this day on this question of Muscle Shoals. From all over this Union will come the voices that will swell the chorus and sing out the victory of this measure. For, mark you, not a single Member of the 435 Members of this House asks or advocates the acceptance of the offer of the power companies—no; not even their most valiant servant, the gentleman from Iowa. And whatever else may be said of him, let it ever be recorded to his credit that he favored the provision written into Mr. Ford's proposal that Muscle Shoals should always be held and controlled by American citizens and by American citizens only. I say this reverently. I say it as one who in the hour of the Nation's danger was privileged to answer the Nation's call. I say it as one who would gladly answer that call to-morrow. But heaven forbid, that it should be my lot to answer that call with the powder horn of this Nation in the hands of a foreign power. [Applause.]

Mr. Chairman and gentlemen, as a Representative of the people of Alabama, commissioned by them to speak, standing here this hour and gathering in my own the voices of them all, I ask you to reject the power companies' offer; I ask you to accept the Ford offer; one means monopoly of my people, the other means freedom for my people; one means oppression and greed, the other means independence and opportunity; one means selfishness and cupidity and exploitation, the other means growth and happiness and prosperity; one is cast over with the pall of disappointment, of defeat, of disaster, the other fills the future with faith, with hope, with promise; one is unpatriotic and un-

American, the other is patriotic and American; the one, God forbid, the other, God grant. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired.

[By unanimous consent, Mr. HILL of Alabama was granted leave to extend his remarks in the Record.]

Mr. MORIN. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. SIMMONS].

Mr. SIMMONS. Mr. Chairman, President Coolidge in his annual message to this Congress, discussing the situation at Muscle Shoals, stated the problem to be that of developing low-price nitrates—

For the direct benefit of the farmers and the indirect benefit of the public in time of peace, and of the Government in time of war.

He stated:

Such a solution will involve complicated negotiations, and there is no authority for that purpose. I therefore recommend that the Congress appoint a small joint committee to consider offers, conduct negotiations, and report definite recommendations.

Many of us listened to the President and believed that his recommendation was a wise one. Others of us, young in the service in this House, have been told that for those on this side the recommendation of the President was akin to gospel and should be obeyed, and that to fail to obey was sin. Imagine then our surprise to learn that this matter, sufficient in importance to receive special mention in the Executive message, has been handled without any apparent consideration being given to the logical plan of procedure which came from the White House.

Much has been said regarding Muscle Shoals, and little has come from it except to create a confusion in the public mind, both as to the facts involved and the purpose sought to be accomplished.

The proposed bill outlines a contract to be entered into on behalf of the Government authorizing the sale and leasing of valuable properties. Every question of its interpretation should be so safeguarded that the rights of the Government are without doubt fully protected. Every question of the advisability, feasibility, or advantage of the Government bartering away the great untold, almost unlimited resources of Muscle Shoals should be decided in favor of the people of the United States. It is their heritage, their birthright, not only for themselves but for generations yet unborn, that we are asked to dispose of in this act.

With that thought in mind I read this bill and wondered in doing so just why many of its provisions were made. Then I read the report of the majority of the committee and the letters therein from Henry Ford, and there I found my answer. Gentlemen on the Democratic side of the House criticized often during the debate on the tax bill the writing of that legislation in the Treasury Department, emphatically telling us that the writing and framing of legislation was the sole right and duty of Congress. Some of those same gentlemen now ask us to pass this bill without amendment, and I find that it was written, not in the Treasury Department by a sworn official of the Government, but that in all material points its contents were dictated almost word for word by the offer presented by an automobile manufacturer of Detroit.

This is not a question of the cheap production of fertilizer or the production of fertilizer at all. That can be produced and without doubt will be produced in the near future at Muscle Shoals. The sole question here should be, By whom should this fertilizer be produced? In other words, should the plant be sold; and if so, to whom? Or should the Government operate and control the plant?

If the answer is that the plant should be sold, then a reading of the bill, which, we are informed by its introducer, should not be amended, convinces me that it should not be sold under the conditions of this proposed act.

In the provision for the completion of both Dams Nos. 2 and 3 it is provided that the company shall complete Dam No. 2 and build Dam No. 3 "as speedily as possible at actual cost and without profit to the company." Around this are thrown no safeguards, no protection as to limiting cost, of giving public notice of contracts, no assurance of economy—none of the things are required to be done by the company which Mr. Ford is to organize such as the Government requires in all cases where it is acting directly. The Government does only one thing, and that is pay whatever bills Mr. Ford's company contracts in the building of this plant. After these dams are built Mr. Ford's company begins after a few years to pay 4 per cent interest on the investment. But it should be noted that the United States now has invested in Dam No. 2 about \$17,000,000, upon which Mr.



Ford pays absolutely no interest or lease rental. He gets it free. The United States contracts to install machinery producing 850,000 horsepower; only 100,000 of it is to be used in producing fertilizer, and the rest is Ford's, absolutely to do with as he pleases, save and except not to exceed a small 300 horsepower which Mr. Ford's company agrees to deliver "free of charge" to the Government to operate the locks. Out of the unlimited power generated by the property paid for by the people of the United States the pittance of not to exceed 300 horsepower is given back in a great show of generosity.

The President in his message further stated:

The best information I can secure indicates that present methods of power production would not be able profitably to meet the price at which these imports can be sold. To obtain a supply from this water power will require long and costly experimentation. Otherwise our purpose would fail completely. It seems desirable therefore in order to protect and promote the public welfare to have adequate covenants that such experimentation be made and carried on to success.

The company here covenants—

to determine by research whether by means of electric-furnace methods and industrial chemistry there may be produced on a commercial scale fertilizer compounds of higher grade and at lower prices than farmers and other users of commercial fertilizers have in the past been able to obtain; and to determine whether in a broad way the application of electricity and industrial chemistry may accomplish for the agricultural industry of the country what they have economically accomplished for other industries; and if so found and determined, to reasonably employ such improved methods.

The President says this experimentation will be "long and costly" and that there should be "adequate covenants" that it be carried on to success.

In this clause there is nothing definite, nothing fixed in amount, time, method, nor plan; no assurance of success given, and if successful, the company agrees to "reasonably employ such improved method." A clause more indefinite, vague, and inconclusive could not be written regarding a matter upon which so much of the future of the industry depends.

This property is practically being given to Henry Ford, and yet the bill provides that in the event of war, when property and lives should be fully and freely placed at the disposal of the Government, if the Government wants this plant, or any part of it, it must protect Ford's company from its losses, not specified nor limited, must return the property in as good condition as when received, and must reasonably compensate the company for its use. The liberal provisions of this contract are not reciprocal even in time of great national emergency.

Neither is the company content with all of these benefits for 100 years, but unblushingly asks for a preference right in dealing with the Congress 100 years from now for further extensions of the use of this great resource.

The right to condemn private property for public use is a recognized right of the Government. But here it is proposed to condemn private property not for public use or public good but that, once condemned, it may be improved by the building of a steam plant thereon by funds taken from the Public Treasury and then sold to Ford's company at a small fraction of its cost for his private use and purposes. The United States agrees to buy rights of way, lands, and flowage rights at Dam No. 2 through an agent to be named, not by the United States but by the company. Have we reached the point in the development of the United States where the Government buying property to lease to a third party allows that third party to name the agent to conduct the negotiations for the Government?

These are but a few of the many places in the bill that are objectionable and sufficient to defeat it. But there are other reasons for rejecting this pact.

Mr. Ford does not put his fortune behind this plan, but only \$10,000,000 in a corporation. There is nothing to prevent him selling at any time.

We propose to contract to keep these dams in repair for 100 years, at a fixed payment of \$55,000 a year. There is absolutely no basis upon which these figures can be established; it may be necessary to rebuild the dams; they may be destroyed by flood or earthquake, but the Government and not Ford's company takes the risk. Who can estimate the purchasing power of the dollar 100 years from now? Yet this would bind the Government for 100 years without more than a wild guess of future conditions.

This bill, as I see it, is to give Ford and his company a fee simple title to about \$90,000,000 worth of property for \$5,000,000, the junk value of the property to-day being estimated at from \$11,000,000 to \$16,000,000. The steam plant included in

this sale can be sold to-day for \$4,500,000, so we are told. The Government now has \$3,472,487.25 of this \$5,000,000 in its Treasury, received from the sale of the Gorgas plant to the Alabama Power Co., and which Mr. Ford asks to be spent on a new plant.

It is proposed that we should appropriate \$50,000,000 more to put this plant in operation and then lease it for a sum which the Senate Committee on Agriculture says amounts to 2.79 per cent per year. It is proposed to do this with money belonging to the people of the United States, taken from them by taxation, and at the same time grant to Mr. Ford's company the right to charge 8 per cent profit on fertilizer sold to our farmers and turn him absolutely loose in the profits he can make from the power monopoly which we give him.

The Federal water-power act provides that there shall be no grant of water-power privileges for more than 50 years—here it is proposed to make it 100 years. Another provision is that a small rental shall be paid for the use of power that belongs to all the people—here there is no rental for the power provided. Public control of the rates charged the consumers and a regulation of the service either by State or Federal authority is again a principle of development insisted on in America—here Mr. Ford's company is without regulation either by State or Federal authority. There is no limit to the profit he can make. We have heretofore asked the lessee to construct his own dams with his own money and take the risk of disaster and accident—here the Government furnishes the money to construct the dams and takes the risk of accident and disaster. Need more be said to defeat the bill?

Fertilizer may be necessary in many southern and eastern States now, and it will become more and more necessary as the years go on, and the Government should be in a position to develop and deliver that fertilizer to the people of the United States in unlimited, and not limited, amounts at cost, and not cost plus 8 per cent. My own State of Nebraska has used an average of 500 tons of commercial fertilizer per year for the past several years. During that same time the United States has used from 5,000,000 to 7,000,000 tons. When the time comes that the great States of the West demand a supply of fertilizer such as the East now uses, where are they to get it if the Government now adopts a policy of disposing of all its great resources and placing them out of the control of the American people? Mr. Ford's company agrees to produce only 40,000 tons of nitrogen—only one-half the present demand—and he can not be compelled to produce more, and will only produce that when it can be sold at a profit. Teapot Dome, with its oil is valuable, but when the oil is gone its value ends—it is a decreasing asset. Here the value of this asset increases with use. The public has condemned the leasing of the oil lands; it will condemn in like manner this bill when a full understanding of it is had.

Go back 100 years and picture the development of the United States—its railroads, telegraphs, telephones, electricity, chemistry, medicine, control of the air and the seas, the changes in methods of farming, and so forth. Imagine ahead development of similar import, and who can tell the demand for nitrate and power 50 or 75 years from now? Yet for 100 years this great power plant, with all its possibilities of service and good to the general public, is absolutely sold and disposed of—with only 40,000 tons of fixed nitrogen required to be produced—everything else belongs to Ford's company.

Surely some way can and must be devised whereby this resource can be properly developed, fertilizer produced, power benefits given to the people, and the Government protected without this great subsidy being given to Mr. Ford to enter into a profitable business.

Such a method is offered in the plan of Government ownership and operation offered in the Senate by Mr. Norris, of Nebraska. It keeps title to the property in the Government of the United States; it provides for the completion of Dams 2 and 3 by the Government and their operation and control by a Government corporation directed to operate the dams and steam plant at Muscle Shoals to supply explosives in time of war and fertilizer in time of peace, surplus power developed is to be sold, preference being given to State, counties, and municipalities under charges and regulations provided in the act. Nitrate plant No. 1, which Mr. Ford may abandon, the Norris bill provides shall be used for experimental purposes for the developing of improved methods for the extraction of nitrogen from the air. In case of war the whole plant can be taken over by the Government without cost to the taxpayer. Fertilizer will be produced, power will be distributed to the people at large instead of monopolized by one individual, the whole people will benefit and not a corporation. While not enough



fertilizer can be produced to supply the demand the Government will be in a position to prevent extortion. As I see it, everything that the people can gain by this development can be had by Government operation and control, and all rights and privileges belonging not only to this generation but to generations yet unborn will be adequately preserved. I favor the Government operation and control of this great project for the benefit of all the people.

Much has been said here regarding the benefit that the passage of this bill will confer upon the American farmer and appealing to his present distress as a reason for its passage. May I call the attention of this Congress to the fact that the great agricultural distress is in those States between the Mississippi River and the Rocky Mountains and north of the Mason and Dixon line, and that the passage of this bill will be of no present benefit to them.

This Congress can do much to aid in bringing back a measure of prosperity to the agricultural regions of the West. President Coolidge, in his annual address, stated:

Competent authorities agree that an entire reorganization of the rate structure for freight is necessary. This should be ordered at once by Congress.

The farmer—

must be assisted by the reorganization of the freight-rate structure which could reduce charges on his production.

A reorganization of the freight-rate structure, with a consequent reduction on the products of the farms of the West, a freight-rate reduction for the western farming communities will be of great and material benefit. This Congress can start that in operation—the President asked on December 6 last that it be done at once. It has not yet been done.

In many sections of the West farmers on reclamation projects, who have staked their all in an effort to make the desert sections produce abundantly, who did so relying on the promises of the Government, are waiting while heartaches and tragedy increase for this Congress to give relief. They have seen their Government treat other great groups of citizens generously. They have heard of this bill loaning the people's money to Mr. Ford at 4 per cent while they are asked to pay 12 per cent interest on delinquent charges which they can not pay from the products of their farms. They have seen the agencies created by Congress to give the farmer financial relief refuse them aid, or having once given it the Federal agency has become the hardest taskmaster of them all. They have been told that farm lands were the basic wealth of the country, and they, owning lands, have offered them as collateral to the Federal reserve banks for loans to carry on their operations and been refused credit thereon. This should be corrected. They are asking the liberalization of the rules under which the farm-loan agencies operate in order that they may better serve.

They have believed that an increase of the tariff on wheat would help restore prices to their great commodity, and this Congress has refused to act at the request of their representatives.

They are asking this Congress to act, and act quickly, in the consideration of bills designed to bring about a better price condition for their commodities, to aid them in the diversification of their products, to reduce the spread between the consumer and the producer. These plans take money, but if the Government has money to assist Mr. Ford in the development of Muscle Shoals, then it also should have money to assist in the restoring of prosperity to the farmers of the West.

They have asked that freight congestion and high transportation rates be relieved by the developing of the inland waterways of the Nation.

The great Western States have led in the demand for the passage of adjusted compensation and are looking to this Congress to take quick and favorable action thereon.

The West also expects this Congress to submit for adoption the constitutional amendment recently passed in the Senate regarding the election of a President and Vice President and to submit an amendment regulating child labor. It expects this Congress to do justice to the requests of the postal employees of the country for a readjustment of salaries and allowances. It expects the passage of adequate pension bills for the veterans of the Civil and Spanish-American Wars, their widows and dependents. [Applause.]

Mr. QUIN. Mr. Chairman, I yield 13 minutes to the gentleman from South Carolina [Mr. McSWAIN], a member of the committee.

Mr. McSWAIN. Mr. Chairman, I yield, first, to the gentleman from Tennessee [Mr. SALMON].

Mr. SALMON. Mr. Chairman and gentlemen of the committee, I can not let the chance pass to take a few moments of

your time to voice the sentiment of the people of the seventh congressional district of Tennessee. They have gone with this proposition from its inception to the present. Government operation is beyond question.

The disposition of Muscle Shoals is not a matter merely of local interests, nor is it a partisan matter; it is a subject in which the entire country is interested. It is one of the enterprises brought into being on account of the World War; contemplated at the time for the purpose of the manufacture of nitrates necessary in the manufacture of munitions.

The location of Muscle Shoals made it almost impenetrable from without, and nature's handiwork had formed one of the most ideal conditions for the harnessing of the water of the great Tennessee River and the development of hydroelectric power known to the country and probably the best known to civilized man. These elements concentrated and combined at Muscle Shoals in the northwestern corner of the State of Alabama, and just south of and across the line from southern Tennessee, caused the selection as the place for the erection and establishing of the world's greatest nitrate plant and the building of one of the most gigantic dams and locks ever attempted in this country. The power to be produced from the harnessing of the Tennessee River at the point is estimated to be over 1,000,000 potential horsepower. Here the river is about three-quarters of a mile wide, passing over solid limestone rock for a distance of something like 30 miles and through a channel cut through a tableland, with the banks on each side ranging from 150 to 300 feet high.

The importance of the place discovered, the decision made, the necessity being great, the Government entered upon the construction of the dam known as the Wilson Dam and the building of two nitrate plants—thousands of cottages suitable for housing tenants, employees, without reserve and probably with one of the greatest aggregation of engineers, mechanics, and laborers employed anywhere in the United States at any time on a similar project. Cost, expense, nor economy were considered, but the one sole object was to harness the power, transmit it into electrical energy at the earliest time possible in the production of war munitions. Wages and materials were high, and no time taken to develop and try out economical systems in the development of this project, hence it is estimated that the prosecution of the projects during this trying period must have cost at least twice as much as it would have cost in normal times, and, too, being done at a time when the American dollar was worth only about 55 or 60 per cent of its normal value. Therefore the real value of that portion of the project completed during this period would not be much, if any, over half the actual amount expended.

The only portion of this project which is of stable and lasting value is the dam and locks, steam plants, quarries, and acquired lands. The ever-changing process of the development of such chemicals as nitrates and the machinery necessary for its production may render practically worthless the nitrate plants hastily constructed during the emergency of the World War.

The hundreds of thousands of dollars expended by the Government for tools and equipment for temporary use in construction and the temporary buildings erected for housing during this emergency can be of little value even in scrapping. Therefore the only real, tangible asset the Government has to dispose of is composed of the dams, steam plant, rock quarry, and lands. The other portions of the project are of doubtful value. There was so much doubt about the peace-time value of this project that early after the armistice it was freely discussed and predicted in Government circles and throughout the country that the entire project should be abandoned and the materials scrapped and disposed of. Just at this time, when the Government representatives were seemingly perplexed, without purpose or policy regarding the project, they turned to America's two greatest geniuses—Mr. Edison, the inventive genius, and Mr. Ford, the industrial genius—for investigation, advice, and counsel. These two men, at their own expense and in their own way, visited the project, made minute investigations of its possibilities, and reported to the Government, thus saving Muscle Shoals from the same character of scrap heap to which so many war enterprises had been consigned.

Then followed the proposition of Mr. Ford to take over the undertaking, complete the Wilson Dam and build Dam No. 3, utilize the power produced by the harnessing of the Tennessee River in the manufacture of nitrates for use as a component of fertilizer in time of peace and for the manufacture of nitrates and munitions of war in time of war, agreeing to maintain and keep in repair the entire project for a period of 100 years, binding himself, his heirs, assigns, and estate to organize a \$10,000,000 corporation as a guaranty that his proposition would



be fulfilled and carried out. Up until that time other interests had manifested no interest in rescuing the Muscle Shoals proposition from disuse and the scrap heap. But as it began to appear that one of the Nation's greatest natural resources in hydroelectric power was going to be harnessed and utilized neighboring and competing interests began to take notice, and at first began to disseminate propaganda questioning Ford's ability to perfect the project and manufacture nitrates; but this argument was soon utterly refuted by Ford's known achievement, and then they began another propaganda to the effect that Ford had not offered the Government enough for the project, that an individual should not control it, and by many other methods succeeded in so muddying the minds of the Representatives that legislative action was stifled for more than two years.

Just about the time the committee in charge, at this session of Congress, was ready to make a report on the acceptance of the Ford offer these ambitious competitive neighbors came forth with a proposition to lease the plant for a shorter period than the Ford offer. Then followed another flood of propaganda to the effect that the Ford proposition was violative of the national defense act of 1916 and water power act of 1920, and this is the question seriously urged on the floor of the House to-day, but incidentally insist that their proposition would pay more money to the Government than would be received by it from the Ford offer. This argument "sticks in the back," as we are now disposing of a war-time emergency project.

Following this proposition manufacturing interests, chambers of commerce, and newspapers influenced directly or indirectly by them, began a gigantic and well-directed propaganda in favor of this proposition and against the Ford offer. Almost every Member of Congress has been flooded with resolutions, letters, and newspaper clippings in furtherance of this propaganda. The Ford offer has withstood all of these onslaughts and now stands forth among the agricultural interests of the country and all other allied interests as being the best offer for the Government, and for the whole people, for the handling and operation of this great resource.

I have the proud honor to represent one of the great agricultural districts in the blue-grass region of southern middle Tennessee, which section is noted for its fertile soil, great livestock industry, a large part of its territory being underlaid with rich phosphate rock from which phosphoric acid, one of the necessary components in the manufacture of fertilizer, is extracted.

The phosphate areas in this section are among the largest and richest in the United States; thus, with the manufacture of nitrates at Muscle Shoals and the production of phosphoric acid from this great area of phosphate-bearing rock in the same or near-by communities, affording two of the principal necessary components of fertilizer, make the Muscle Shoals project a national question in which every section of the United States is vitally interested.

That Mr. Ford will be the most potent factor in bringing success out of the Muscle Shoals proposition in bringing together these two necessary components in the production of commercial fertilizer is nowhere questioned or doubted.

For these reasons and further for the reason of the unshaken confidence in the honesty, integrity, sincerity, and financial ability of Henry Ford, and his determination to carry into effect his proposition and aim in the matter, almost every farmer in my entire district and in the State of Tennessee is insisting that the Ford proposition should be accepted at the earliest possible moment. That his organization may take immediate charge, complete the construction work, and put the machinery of the plant in motion, and the President's instruction to turn this project over to private interests for completion and operation, should result in the unanimous passage of the McKenzie bill, thus discontinuing the red-tape expensive governmental development at the expense of the tax-paying public and that peace-time operation of the enterprise be finally and fully declared abandoned. [Applause.]

Mr. McSWAIN. Mr. Chairman and gentlemen of the committee, the distinguished gentleman and public servant from Ohio [Mr. BURTON] used 55 minutes of time in discussing this question and evidently made a profound impression upon the minds of some members of the committee. Yet, I call attention to the fact that during the whole 55 minutes not one single word escaped the lips of the gentleman from Ohio to indicate that there was crossing his mind the fundamental thought back of this whole proposition, namely, to provide for national defense. In a few weeks this House will have passed appropriation bills for the Army and the Navy aggregating,

perhaps, over \$700,000,000, and that thing will go on year after year, never diminishing, but as we shall grow in population and power and in duty to defend this population and possessions, it will increase, perhaps, to two or three times the present sums. Yet every cannon will be defenseless, every rifle as useless as a dry cornstalk, every bomb as harmless as a baseball, unless there be sufficient nitrate, the essential destructive explosive element, and in every ingredient that goes in to make high explosives essential in war. The only resource, the only place on earth where natural nitrates may be had in sufficient quantities for war or fertilizer is in Chile. History no older than 10 years tells us the importance of that. When war broke out in Europe in 1914 both the Central Powers and the allied powers were utterly dependent upon Chilean nitrates for explosives.

On November 1, 1914, the German fleet destroyed the British fleet off the coast of Peru and shut off the supply of nitrates for the Allies. If that condition had continued, the fight for the Allies, the fight for liberty, the fight for parliamentary government, the fight for the people, could not have continued for six months. Fortunately on December 16, off the Falkland Islands, the British fleet destroyed the German fleet and opened the avenue for nitrates to pass to the Allies and closed the way by which they might reach Germany. The Germans then had to resort to the very thing we are now seeking to resort to, to wit, the fixation of atmospheric nitrogen. Further than that we now could easily be cut off in time of war by a naval power having equal or greater strength than ourselves by taking advantage of some peculiar strategic position. We are separated by thousands of miles of water from our base of nitrogen supply. The only thing that we can do to make ourselves safe, to make our artillery worth while, the only thing that national defense requires, is to have an inland supply of nitrogen—an inland supply so far from the coast that even should foreign fleets take possession of the coast towns no "big Bertha" that could be mounted on the coast could ever reach the inland supply of nitrogen and destroy it. Such a safe and secure inland supply is to be had out yonder at Muscle Shoals, and another such will in time be placed at Bowlder Canyon on the Colorado River and later in other parts of the Nation.

So goes the logic of the situation. Fortunately—it seems as if by a divine place—the very power that is used to destroy human life in time of war, to wit, nitrogen, is the power necessary to produce the things essential to preserve human life in time of peace, to wit, nitrogen. [Applause.]

#### ECONOMICAL NATIONAL DEFENSE POLICY.

Now, that is just what we have in the proposition now before Congress. The nitrate plant is more important than any arsenal or machine shop or navy yard, because they are all powerless without nitrates. The contract will bind Henry Ford to keep nitrate plant No. 2 in perfect condition to make nitrates for war purposes at any time during the whole period of 100 years. If the Government were to undertake to maintain this nitrate plant itself, as it does maintain its ordnance factories and navy yards and arsenals, then it would necessitate an annual appropriation of several million dollars, and this sum of money if placed into a sinking fund would in the course of 100 years reach staggering proportions. The cumulative power of money at interest is beyond the ordinary comprehension of us people who are not accustomed to dealing with it. But for illustration, I will state that \$1 put up annually, at the end of 100 years—this representing a principal of \$100 only—will, if placed at interest of 4 per cent, amount at the end of 100 years to over \$1,287. So that one dollar by the growing power of interest becomes more than \$12.

#### DO WE WANT GOVERNMENT OWNERSHIP, GREED, AND GRAFT?

The only question that confronts us as practical men at this time is, Shall we accept the Ford offer, or shall the Government itself complete and operate the plant at Muscle Shoals? Undoubtedly the so-called offer of the Alabama Power Co. and its associates is not worthy of serious consideration. It is a feeble imitation of some of the best points in the Ford offer, but it falls down at the vital places.

First of all, when the matter was first presented to them several years ago they ignored the whole matter, practically said that it was worthless to them, that the water power could not be developed at a cost that would prove remunerative, and held on with a deathlike clutch to their contract made under the exigency of war, whereby they claimed the right to purchase the Gorgas steam plant. The Department of Justice denounced the exacting, harsh terms of said contract, and expressed the opinion that it indicated the spirit of one seeking to drive a hard bargain with his own country in time of war.



## THOUGHT THEY HAD KILLED FORD'S OFFER.

Finally, after long negotiations and frequent refusals by the Alabama Power Co. to state to the public in the hearings before the Committee on Military Affairs what it considered to be the reasonable value of the Gorgas steam plant, said plant was sold by the Secretary of War to the Alabama Power Co. for about \$3,500,000. Then the Alabama Power Co. thought that Ford's offer was dead. Ford had said that his proposition stood as a whole, and that he considered the Gorgas plant essential to the economical and businesslike operation of the nitrate plants at Muscle Shoals.

## MADDEN'S SUGGESTION TORPEDOED ALABAMA POWER CO.

But in the face of the insistent demands from the farmers from every corner of the Nation that this great opportunity to produce fertilizers at reasonable prices and thus restore our waste lands and increase the economical production of food-stuffs, and thus while making agriculture more profitable at the same time reduce the cost of living to the people massed in industrial and commercial centers, the Hon. MARTIN B. MADDEN, chairman of the great Committee on Appropriations and universally considered to be a hard-headed, successful business man, who knows the value of a dollar, and believes in saving to the Treasury of the Nation every cent possible, and who has stood four-square many a time in the breach when efforts to raid the Treasury were being made, came forward with the proposition that in order to meet the terms of Henry Ford and give him no excuse to escape from his proposition, and thus bind him to assist this Government to carry on its program of national defense and to produce cheaper fertilizers in time of peace, that he [MADDEN] would advocate the building by this Government of a steam plant to take the place of Gorgas steam plant and thus be in a position to accept the Ford offer.

## MIRACULOUS CHANGE BY ALABAMA POWER CO.

When this announcement was made from a responsible official of the Republican Party in close touch with the administration, when the President came forward with his message urging final and definite decision upon the disposition of Muscle Shoals, then consternation reigned in the ranks of the Alabama Power Co. Suddenly the Alabama Power Co. saw all of its deep-laid schemes to wreck by inaction and indirection the great project at Muscle Shoals falling to pieces, and saw rising the stalwart statue of a real competitor in the field of power production and of power distribution. Naturally the Alabama Power Co. has received sympathetic support from the Fertilizer Trust of the Nation, and from the financial interests that are common to both the Alabama Power Co. and the Fertilizer Trust. So that here a competitor was rising to haunt the Fertilizer Trust also. Then the Alabama Power Co. got busy and hearings were resumed on the bill early in January, 1924, and the Alabama Power Co. was certainly on the scene, having enlisted the co-operation of other southern power companies, and particularly the Tennessee Power Co. and the Memphis Light & Power Co. I can not see any of the earmarks of sincerity in the proposition of the Alabama Power Co. The officers of that concern, especially Mr. Thomas W. Martin, as the record will show, have been intimately familiar with the whole nitrate program planned by this Government more than eight years ago, and enacted into section 124 of the national defense act in 1916. He has known that the manufacture of nitrates for fertilizer purposes in time of peace from the same plant that was designed to manufacture nitrate explosives in time of war was a part of the same great conception and the same wise plan for the economical production of nitrates which are alike essential to the destructive power of war and to the productive power of agriculture in time of peace.

Nitrates are necessary to kill human beings in war, and necessary to feed human beings in peace. Yet in the face of all this knowledge the Alabama Power Co. came forward with a purely power proposition only, and utterly ignored the fertilizer end of the proposition. When that was called to the attention of their representative, Mr. Yates, he alluded in a veiled and mysterious sort of way to certain "other persons" who would come to Washington to make a flattering offer to take care of the fertilizer end. Finally, becoming impatient with this "hide and seek" method, I interrogated Mr. Yates, as will be found on page 74 of the printed hearings, as follows:

Mr. McSWAIN. These gentlemen who are prepared, or who are going to be prepared, about the fertilizer proposition, are on their way to Washington?

Mr. YATES. Yes, sir.

Mr. McSWAIN. Are they anywhere within 1,000 miles of Washington now, do you think?

Mr. YATES. Well, I think probably one is; the others are not.

Mr. McSWAIN. How many thousands of miles do you think the others are away?

Mr. YATES. I should say there are probably two of them close to 1,000 miles away at this time.

Mr. McSWAIN. Do you think those two will be prepared to talk when they get here?

Mr. YATES. I believe they will within a reasonable time; yes, sir.

The CHAIRMAN. What do you call a reasonable time?

Mr. YATES. I think this proposal, Mr. Chairman, should go in to-morrow or the day following. Now, I can not say more than that. We have to discuss several matters with them and put the proposal in and arrange for their testimony.

The next day Mr. Yates was back before the committee killing time with rambling and irrelevant talk, and when I again sought to get some definite information, as will be found on page 92 of the printed hearings, said:

Mr. McSWAIN. I want to ask for some information again this morning, not opinion. I would like to ask if those two gentlemen who represent somebody who proposes to take the power from you for the purpose of manufacturing fertilizer have arrived in Washington?

Mr. YATES. Yes, sir.

Mr. McSWAIN. Where are they—are they in this room?

Mr. YATES. No, sir.

Mr. McSWAIN. They are not in this room?

Mr. YATES. No, sir.

Mr. McSWAIN. Then, are they in Washington?

Mr. YATES. They are at the hotel.

Mr. McSWAIN. Have you seen them?

Mr. YATES. Yes, sir.

Mr. McSWAIN. Where did you see them?

Mr. YATES. At the Washington Hotel.

Mr. McSWAIN. They are at the Washington Hotel?

Mr. YATES. Yes, sir.

Mr. McSWAIN. What are their names?

Mr. YATES. I would prefer not to state.

Mr. McSWAIN. We want to know; we want information, not opinion.

Mr. YATES. I know; but I have said in every way I could we are going to have them here, sir.

Mr. McSWAIN. Are they not coming before this committee?

Mr. YATES. Yes, sir.

Mr. McSWAIN. Then, where is there any objection to giving their names if they are coming.

Mr. YATES. I prefer not to do it.

## ALABAMA POWER CO. WAS "THE OTHER PEOPLE."

The upshot of the whole thing was that on January 24 there was brought in what was called the offer of the fertilizer people, and, to my surprise and astonishment, this proposition was signed by the same identical corporations that signed the power proposition of January 15, with the additions of the names of Mr. Swann, Mr. Bacon, and Mr. Jones, who are understood not to represent very much financial strength, if any, but merely to have an associate and working relation with the power companies in the fertilizer proposition.

So that it appears that Mr. Yates was trifling with the committee when he said that the people who were going to make the fertilizer proposition were on their way to Washington and would arrive in time to go before the committee the next day, when, in fact, they were already in Washington, and Mr. Yates was one of them, representing the Alabama Power Co., and knew as much then and there as he knew on January 24, and as he knows to-day, about any fertilizer proposition.

Therefore when he answered the questions propounded on page 92 in the evasive, wriggling way that the record discloses, it is entirely manifest that Mr. Yates was not candid with the committee, and it is not surprising therefore that his propositions were looked upon with suspicion.

## POWER END MUST GUARANTEE FERTILIZER PRODUCTION.

When the propositions of the power companies are properly scrutinized, it is manifest that they were hurriedly hatched up to try to stem the tide toward the acceptance of the Ford offer and not with any sincere businesslike intention of having them accepted instead of the Ford offer. It is well understood that the committee and the Congress and the country would insist that the power and the nitrate elements in this proposition would be so interlocked and interdependent that the power factor would guarantee and enforce the nitrate factor. The power companies came first of all on January 15 with a power proposition, pure and simple, and suggested as a sort of side issue and fifth wheel that another concern would later take up and consider the fertilizer end. Then the proposition of January 24 was finally fixed up and reluctantly brought in, and we see no interlocking and interdependence between it and the

power whatever. First of all it speaks of a \$5,000,000 corporation, but does not assure us that this will be paid in cash, and, on the contrary, it might be a mere man of straw. And then it speaks of "commencing the manufacture of fertilizer after the construction of the first unit of its plant shall have been finished," and will start with 5,000 tons of nitrogen a year and gradually increase the production as the farmers may demand.

Instead of agreeing to a nonpartisan board of judges appointed by the President and confirmed by the Senate, representing every group of farmers in the Nation, it suggests that a single executive officer, to wit, the Secretary of Agriculture, appoint the commission, and that this commission would be the mere responsible creature of the Secretary of Agriculture alone, and does not give this price-fixing commission any of the legal status that the Ford offer does, and the offer of the power companies does not confer upon any officer of the United States the power of visitation and inspection, and, therefore, of criticism and correction, that the Ford offer does.

#### FIFTEEN MILLION DOLLAR CORPORATION A MYTH.

Finally, when all these matters were called to the attention of the Alabama Power Co., while the hearings were still on, one of their representatives, Mr. Yates, in desperation, seeing that they had failed to confuse the issue as they had expected, stated orally before the committee that they would agree to organize one single corporation with a capital stock of \$15,000,000, to correct the other propositions, but they did not sign any paper to that effect and have never signed any paper to that effect. They did not say that this \$15,000,000 or any part of it would be cash. It remains to be stated what part of it would be water, and what part would be promotion funds, and what part would be patent rights, and what part would be mere hot air.

#### WHY THE FORD ENEMIES WANT GOVERNMENT OPERATION.

So we come to the proposition again that the only thing before the country now is either the Ford offer or Government operation. It is true that the enemies of Mr. Ford and of his business policies, and of his personal views and private character, are so fixed in their prejudices that they would rather see the Government embark in this enterprise of making fertilizer than to see Henry Ford undertake in this way to serve his Nation by assisting agriculture in peace and by assisting national defense in time of war.

It is manifest that Mr. Ford like all great, strong, and outstanding characters has succeeded in creating many powerful enemies, and these enemies place their opposition upon a multitude of grounds. Some are so idle and frivolous as to say that because he organized the "peace-ship trip" he is too idealistic and impracticable to intrust with Muscle Shoals. Some say because he has made several hundred million dollars by manufacturing cheap cars that he sells at a very low price that he has all the money that any one man ought to have, and to let him take up his obligations under this Muscle Shoals proposition would add many millions more to his pile. Some object because he heretofore had political ambitions. Others object because having abandoned his political ambitions he has announced in favor of a particular candidate. Others object because they do not like his cars, saying that they are too "ratty" and are really dangerous to human life. These fastidious persons should find Lincoln cars more to their taste, but there they find an objection on the ground that the Lincoln is too expensive and too fine and only manifests Mr. Ford's extravagant taste. All these enemies of Mr. Ford have combined to defeat this great national enterprise. Some hate Mr. Ford because he was the first great outstanding industrialist that raised the wages of his employees. Others hate him because having bought in a bankrupt railroad, by reducing rates he built it to great financial independence. Others hate him because he refused to be sandbagged and profiteered upon by the bootlegging coal dealers and went to the mountains and bought a coal mine of his own. All these classes who hate Mr. Ford must take full responsibility for playing into the hands of the Power Trust of the South Atlantic States and the Fertilizer Trust of the United States.

#### GOVERNMENT OWNERSHIP AND ECONOMIC SABOTAGE.

The Power Trust and the Fertilizer Trust, though they generally oppose governmental operation with all the vigor of their beings, yet to-day would prefer to see the Government embark in the manufacture of fertilizer at Muscle Shoals rather than to let Henry Ford do it. And why? Because they feel satisfied that they can continue their program of sniping and that they can carry on a guerrilla warfare with the Government

operations; that they can seduce and traduce first this Government agent and then that Government agent until the whole project will be in confusion; and finally, when ruined and totally discredited, that a disgusted Government will give up the whole proposition and close down the fertilizer mill and allow the nitrate plants, essential to national defense, to become inadequate and worthless, and thus throw back into the hands of these monopolists their great opportunity to continue to pile up in peace and war countless millions at the expense of the American people.

TEST NOT MERE RICHES, BUT TEST IS HOW WERE RICHES MADE AND HOW NOW USED.

What if Mr. Ford is very wealthy? Certainly he has made his fortune by his own physical and intellectual efforts. He has contributed wonderfully to the comfort and happiness of the masses of the people. He has made profits, but he has been willing to divide his profits with the public. As the price of raw material fell he would reduce the price of his cars. Millions and millions of poor men, women, and children that never would have tasted the joy of automobile riding and that could never own a Packard or a Cadillac, or even a Dodge, have been able to buy Ford touring cars and cross over the bounds of State lines and to visit scenes that otherwise would have been forever sealed to them, and thus to broaden their vision and to deepen their feelings and to carry them home filled with new ideas and deeper inspiration and to profit by the observations made in distant sections, counties, and States.

Mr. HASTINGS. Mr. Chairman, the bill under consideration, H. R. 518, is to authorize the Secretary of War on behalf of the Government to sell to Henry Ford, or a corporation to be incorporated by him, nitrate plants Nos. 1 and 2, Waco Quarry, and to lease Dams Nos. 2 and 3 for a period of 100 years.

I have given this bill as careful consideration as my other duties as a Member of Congress will permit. I am not an engineer and therefore can not go into the details of the engineering features of the bill. Neither am I a member of the Military Committee, and I have therefore not had the advantage of the extensive hearings held by that committee. This proposition has been under consideration for some time. It must be assumed that the Military Committee and the Secretary of War have driven the best bargain for the Government that could be made with Henry Ford with reference to this project.

Briefly, the bill (sec. 1) authorizes the contract to be made with Henry Ford, or a corporation with a minimum capital of \$12,000,000 to be organized by him; the company is to complete (sec. 2) Dam No. 2, its locks, power house, and all necessary equipment as speedily as possible at actual cost for the Government and without profit to the company; the company is to lease (sec. 3) Dam No. 2, its power house and equipment, except the locks, for a period of 100 years, conditioned upon payment to the United States as an annual rental therefor 4 per cent of the actual cost of acquiring land and flowage rights and of completing the locks, dam, and power house, including all expenditures made subsequent to May 31, 1922, the interest being payable annually; and, in addition (sec. 4), pay \$35,000 annually for repairs, maintenance, and operation of Dam No. 2, its gates and locks; and the company (sec. 5) agrees to furnish power sufficient for the operation of the locks, not in excess of 200 horsepower. The company further agrees (sec. 6) to construct for the United States, in accordance with plans and specifications of the Chief of Engineers, Dam No. 3 at actual cost to the company, lease the same (sec. 7) for a like period and upon practically the same terms as that of lease of Dam No. 2, and (sec. 8) pay \$20,000 annually for repairs and maintenance of this dam. A sinking fund is provided, to be paid annually, of \$19,868 and \$3,505 by the company, sufficient to repay the Government for the money advanced in completing the construction of Dam No. 2 and for the construction of Dam No. 3. The work is to be done in accordance with plans and specifications prepared by the Chief of Engineers of the United States Army. The company (sec. 11) agrees to purchase from the United States nitrate plant No. 2 and nitrate plant No. 1, also the Waco Quarry, for a consideration (sec. 12) of \$5,000,000, payable in installments, the deferred payments bearing 5 per cent interest. The company agrees (sec. 13) not to permit the property to depreciate but to keep it in a good state of repair, and agrees (sec. 14) to maintain nitrate plant No. 2 in its present state of readiness, or its equivalent, for immediate operation in the manufacture of materials necessary in time of war for the production of explosives. This is a very important provision. This plant is happily located in the inland at Muscle Shoals in northern Alabama and can not be reached by foreign foes.



## FERTILIZER FOR FARMS.

I am particularly interested in the bill for the reason that it provides (sec. 14) that one of the principal considerations for the contract is the agreement on behalf of the company to manufacture nitrogen and other commercial fertilizers during the entire period of the lease, at nitrate plant No. 2, of at least 40,000 tons of fixed nitrogen, which is the present annual capacity of this nitrate plant, and in the event that the plant is destroyed or damaged the same will be rebuilt. The company agrees (sec. 15) to sell fertilizer products to the farmers and other users of fertilizers at a price which shall not exceed 8 per cent of the fair, actual cost of production, and agrees to the appointment of a board of nine members nominated by the leading farm organizations, from whom the President shall select the members, subject to confirmation by the Senate, and this board, advised by a representative of the Bureau of Markets, shall determine what has been the cost of manufacture and sale of fertilizer products and regulates the price at which said fertilizer may be sold by the company, limiting the profit to 8 per cent of the actual cost. This is a very important provision to the farmers of the country. It is a provision of the very greatest value to the farmers of the South and West. The farmers are in a very depressed condition. Everybody appreciates that. Every effort should be made through legislation and administration to relieve them. The cost of production of the leading agricultural products is greater than the farmers get for them in the market. The farmers of the country need, in my opinion, among other things—

First. To be supplied with money at a lower rate of interest on long-time loans. This is attempted to be done, and is being done, through the farm land banks, the one serving Oklahoma being located at Wichita, Kans.

Second. They need better marketing facilities, and there are many bills pending before Congress at the present time and under consideration by the Committee on Agriculture to assist them in this respect. They are doing a wonderful work themselves through cooperative agencies in studying the question of marketing and in marketing their farm products. In this respect they need more financial assistance to enable them to hold their farm products so as not to be compelled to sell them upon a depressed market, but to hold and sell their products as they may be orderly marketed.

Third. They need to be encouraged in lowering the costs of production. Cheap fertilizer aids in this respect. Of course, everyone appreciates that if fertilizer is manufactured at a price that is not prohibitive and if the farmers are able by the use of a sufficient amount of fertilizer to double the amount of cotton raised per acre or the yield of wheat, oats, or increase the amount of any other farm product that can be produced from an acre of ground, the cost of production will be correspondingly lowered and the farmers will profit thereby. At present the prices of commercial fertilizer is prohibitive in Oklahoma and but little is being used. It will be a great advantage to farmers to use some fertilizer on every farm. The original cost of fertilizer is in the first place too great, and in the second place the cost of transportation would prohibit the use by farmers of very much fertilizer. The location of this plant at Muscle Shoals on the Tennessee River, in northern Alabama, is accessible to the farmers of the South, and with the Tennessee River improved it can be easily made navigable for small boats which could transport fertilizer down the Tennessee into the Ohio and Mississippi Rivers, then up its tributaries, insuring water rates to a great area of country, including my own State of Oklahoma, which would have a water rate up to Fort Smith, Ark., and perhaps to Muskogee, Okla.

I favor the lease to the company to be organized by Henry Ford because—

First. It is generally recognized throughout the country that he is financially responsible and that a contract entered into with him will be carried out.

Second. It is with some embarrassment and reluctance that I say that, in my judgment, unless this bill is passed authorizing a contract to be made with this company to be organized by Henry Ford these dams will not be completed and no similar contract will be let by the authority of Congress to any other company. I base this statement upon the arguments made during the consideration of this bill and the several votes cast. I deeply regret the sectional arguments and appeals that have been made on the floor and the sectional spirit evidenced by the many votes and large number of hostile amendments offered for no other purpose than to divide the friends of the measure and to defeat it. The name of Henry Ford is an influence which has brought to the support of this bill barely

sufficient number of Members of Congress to insure its favorable consideration. No other company could have brought to the support of this bill sufficient influence to insure the appropriation of a sufficient amount of money to insure the completion of Dam No. 2 and the construction of Dam No. 3 in any State in the South. We might just as well understand it, and the farmers of the country might as well understand it that if they hope to break the strangle hold of the trusts and combinations they had better get behind this bill as it passed the House. I voted against a great many amendments, which, if I had been drawing the contract, I would have supported. I was bound to assume that the Committee on Military Affairs and the Secretary of War had secured all the favorable provisions possible written into the contract, and I did not want to vote for amendments, although I favored them, if I thought that such amendments stood in the way of completing this project which I regard of such very vital interest to the farmers of the country. As your farm lands become more unproductive the need of cheap fertilizers from year to year will be felt.

Again I favored the contract with the Ford Co. over propositions made by other companies not only for the reason that the Military Committee after a thorough investigation had recommended the Ford Co., but the people of northern Alabama and the adjacent country of Tennessee, commercial bodies, business men, farmers and laborers, and in fact all classes of people, are almost a unit in favor of the Ford Co. Why is this? They had an opportunity to investigate these companies. They are not deceived by the offers of other companies. They know, of course, that the fight against the Ford offer is not only made by other power plants but in a very adroit way by the Fertilizer Trust and combinations and that all amendments are offered for the purpose of dividing the friends of the measure and to reduce the slender majority for the bill to a minority and accomplish its defeat.

The completion of this project as contemplated by this bill means a reawakening of the farmers of the South and West. It will give them renewed hope. It will convince them that the Congress of the United States is really trying to do something worth while for the farmers of the country. Of course, the farmers need other things than cheap fertilizers, but these other needs are subject matters of other bills and should be considered, and I trust will be considered, at an early date in the House. The farmers of the country will not be deceived by the many criticisms made of the bill and the many attempts made to amend it in order to encompass its defeat. The dams will be completed at Muscle Shoals and the power utilized for the benefit of the farmers of the country through a contract made with the Henry Ford Co., or cheap fertilizer will not be supplied to the farmers of the country during the present generation.

Mr. KENT. Mr. Chairman, I yield 20 minutes' time to the gentleman from Georgia [Mr. WRIGHT]. [Applause.]

Mr. WRIGHT. Mr. Chairman and gentlemen of the committee, as is well known, the Muscle Shoals project was inaugurated under the provisions of the national defense act of 1916, the particular provision under which this great project was started being that the President of the United States might select some place for the purpose of manufacturing nitrates for explosives in time of war and for fertilizers in time of peace. It would seem from the discussion of this great question that gentlemen overlook the original and prime objects and purposes for which this great plant was inaugurated. It is confused and confounded with a purely water-power proposition, when, as a matter of fact, the water power is but an incident to the great objects and purposes which the Government had in mind in the installation of this plant, these purposes, as before stated, being for the manufacture of nitrates to be used in the manufacture of explosives in time of war and for fertilizers in time of peace. The plant was located at Muscle Shoals simply because of the available water power at that point which could be developed to drive the machinery necessary to carry out the great objects and purposes which I have indicated. So that I repeat, that water-power element now sought to be made a dominant matter by the opponents of the pending bill is only secondary and is incident to carrying out the great scheme and purposes which the Government had in mind. Now, gentlemen, I wish you could go back just a few years and follow the history of this proposition. It will be recalled that the Government commenced the work of the construction of Dam No. 2, known as the Wilson Dam, and about \$17,000,000 had been expended on that one project during and just after the war, and a great nitrate plant was constructed at Muscle Shoals, known as No. 2, which cost \$67,000,000. Nitrate plant No. 1 was constructed at a cost of something like \$12,000,000. After the close of the war and after about \$17,000,000 had been expended on the construction



of the dam, as well as the other large expenditures, the work stopped because of the lack of any further appropriation.

It will be recalled by gentlemen now Members of the House that the Congress absolutely refused to appropriate one dollar to prosecute further the work on the construction of the Wilson Dam. The new administration came into power and evidently regarded this Muscle Shoals project as a veritable white elephant upon its hands; and soon after Mr. Weeks became Secretary of War he directed General Beach, Chief of Engineers, to put out advertisements, so to speak, over the country to see if anybody or any company would come forward and make the Government any proposition for Muscle Shoals. Keep in mind, it was standing still, going to decay, rapidly deteriorating, the cofferdams going down and decaying, and \$500,000 to \$1,000,000 was being annually spent by the Government simply in caring for and preserving the property. Now, gentlemen, under those circumstances, and after these advertisements were sent out, what happened? These southern power companies which we hear so much about appeared before General Beach and absolutely discouraged the spending of another dollar at Muscle Shoals, indicating it was an impractical proposition to go any further with the construction of this great dam. They indicated to General Beach that it would be an unprofitable venture for the Government or anybody else to prosecute this work, and the only man in the whole world who came forward with a proposition was Henry Ford. Now, this proposition has been pending for over two years. I undertake to tell you, after a careful study of all the propositions which have been submitted, that the Henry Ford offer is the only single comprehensive offer which has ever been made which contemplates the carrying out of the purposes the Government had in mind in the inauguration of this great plant. I shall not take the time to enumerate its numerous provisions. You will understand that the prime object is to keep this country supplied with nitrates for explosives in time of war and, secondly, for the manufacture of fertilizers in time of peace. Now, there has been stressed here the great importance of the fertilizer proposition, but I fear many Members do not know the magnitude of what the fertilizer proposition means in the United States. Why, gentlemen, do you know that the statistics for the year 1920 show that there were used in this country fertilizers amounting to \$326,399,900?

There was an increase from the year 1910 to the year 1920 from \$114,882,551 to the amount I have indicated for 1920. In the year 1922 the figures show there were about 6,000,000 tons of fertilizers used in the United States. Now, you will bear in mind that a balanced commercial fertilizer consists of three elements, acid phosphate, potash, and nitrogen, and about one-fourth of these elements is nitrogen, and nitrogen is the most expensive element. It costs about twice as much as the potash and acid phosphate. Now, I want to give a few figures on Chilean nitrates. You will understand we have been relying on Chile for our nitrate supply from time immemorial.

It is expected that the manufacture by Mr. Ford of fixed nitrogen from the air at Muscle Shoals would work a veritable revolution in the manufacture and use of fertilizer in the United States. As commercial fertilizer is now manufactured and sold to the farmers there is only about an average of 300 pounds of real plant food in a ton—the remaining 1,700 pounds being inert matter or what is known as "filler." Mr. Ford could sell the fertilizer in concentrated form—the real plant food—without the filler and the farmer could do his own mixing and thereby save the enormous expense of the handling, mixing, and freight on the 1,700 pounds of inert matter or filler. Every farm has an abundance of earth suitable for this mixing. Besides the time will, perhaps, soon arrive when the real plant food in the concentrated form will be distributed in the fields without mixing with a filler.

It should also be kept in mind that the use of fertilizer is general—every State in the Union using it.

Beginning with 1831 and up to and including the first seven months of the fiscal year 1924 we imported from Chile 16,902,532 long tons. The duty we paid Chile alone on that nitrate amounts to \$209,178,989.35. To-day this nitrate is costing the people of the United States \$69.14 per long ton delivered at the ports of this country. That price is made up of \$46.49 per long ton for the nitrate itself; export duty, per long ton, \$12.53; ocean freight, \$5.73; shrinkage, commissions, and so forth, \$4.48; making in all, \$69.14 per ton.

Mr. ALMON. And the farmers of America paid the Chilean Government more than \$10,000,000 in export taxes last year?

Mr. WRIGHT. Yes.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Yes.

Mr. STEVENSON. I saw a statement which seems to be pretty well founded that the Guggenheims have about gathered in a monopoly of the nitrate of Chile, a monopoly that has never consulted the interest of anybody but themselves.

Mr. WRIGHT. Yes. I want to follow the consideration of this proposition through the Committee on Military Affairs of the House. When this matter was first taken up it was opposed by the Fertilizer Trust of this country and opposed by the Water Power Trust, and that fight was led by this company that you have heard so much about, known as the Alabama Power Co. It is one of the allied power companies that are making bids for this property.

When the matter first came up these interests, which first fought this proposition, insisted that the development was unnecessary; that there was already enough water power developed in that section of the country; and, in the next place, that Henry Ford could not make fertilizers at Muscle Shoals, and that if he could make it, it was not needed, because there was already an oversupply in the country. Now, after a lapse of two years, these same interests came before the committee and insisted that the acceptance of the Ford offer would be detrimental to the water-power interests in the southeastern section of the country, and that this power should not be turned over to Mr. Ford but distributed by them over the country, and that there is now a scarcity of this power in the Southeast. These same people, who in 1922 ridiculed the idea of Henry Ford or anybody else making fertilizer at Muscle Shoals, now come and say they will undertake to do it, and do it at half the price that is now being charged the farmers of the United States, and stress the desirability and importance of it being done, and show it is entirely practicable.

Let us see if we have a dearth of water power in this country. I have some statistics as to primary power which has and can be developed in the United States, as follows:

Water powers of the United States.  
[Estimated horsepower January 1, 1920.]

Region.	Developed.	Un-developed.	Total.
North Atlantic States.....	1,788,800	1,465,200	3,254,000
South Atlantic and Eastern Gulf States.....	1,509,500	2,691,500	4,201,000
Ohio River drainage area.....	1,287,900	2,649,100	3,937,000
Upper Mississippi River region.....	809,000	1,396,000	2,205,000
Lower Mississippi River region.....	146,800	770,200	917,000
Western Gulf region.....	68,000	632,000	700,000
Mississippi River drainage area.....	755,100	4,699,900	5,455,000
Colorado River drainage area.....	438,900	5,461,100	5,900,000
North Pacific States.....	719,600	22,400,400	23,120,000
South Pacific and Rocky Mountain States.....	1,088,600	8,931,400	10,020,000
Total for the United States.....	8,612,200	51,096,800	59,709,000

You will notice there has been developed in the South Atlantic and Gulf States region 1,509,500 horsepower, and there is undeveloped 2,691,500 horsepower. In the whole United States there has been developed 8,612,200 horsepower, and there is undeveloped 51,096,800 horsepower; so that I do not see, gentlemen, that there is any probability of a dearth of water power in this country at an early date.

The trouble about it, gentlemen—and we might as well be plain—is that this Alabama Power Co. had hoped that the Government would go forward and spend its money on the construction of dams at Muscle Shoals, and then this company would pick it up for a song. There is no trouble about the available water power in the Southeast if they want to develop it. It is available.

Now, some question has arisen as to the construction of this offer and as to the fertilizer proposition contained in it. I want to say, for the benefit of the gentleman from New York [Mr. SNELL], who criticized the language of the fertilizer proposition and said it was not in accordance with the offer as printed in the report, that by some means in the printing of that report the final offer as submitted by Mr. Ford was not printed, so far as the fertilizer feature is concerned, but the language printed in the bill is exactly the same as that in the proposal of Mr. Ford as finally perfected and agreed to.

Now, it is conceded that it is important to have nitrates in order to make the United States independent of all other countries for its supply. It is also conceded that it is needed for munitions, and it is conceded that it is necessary for agriculture. The question is, Can it be produced at Muscle Shoals?

Now, the chemists and experts and scientific men all agree that it can be made there, and at a much less cost than is now being paid for it. It is true that the art is constantly undergoing changes. Now, it being true that it can be produced there,



let us see if the Ford offer binds him to produce fertilizer at Muscle Shoals. I invite your attention to section 14 of the McKenzie bill, which provides:

Since the manufacture, sale, and distribution of commercial fertilizers to farmers and other users thereof constitute one of the principal considerations of this offer, the company expressly agrees that, continuously throughout the lease period, except as it may be prevented by reconstruction of the plant itself, or by war, strikes, accidents, fires, or other causes beyond its control, it will manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand, at nitrate plant No. 2 or its equivalent, or at such other plant or plants adjacent or near thereto as it may construct, using the most economical source of power available.

The opposition want to distort this into a meaning that it does not convey by saying that Mr. Ford will not have to manufacture this fertilizer at Muscle Shoals unless the market demands call for it, when, as a matter of fact, the words "according to demand" relate exclusively to the character and form in which he is to offer this fertilizer for sale.

In other words, if Mr. A wants to buy pure nitrogen under this contract Mr. Ford will have to sell it to him, and if Mr. B wants it mixed with other elements, Mr. Ford will have to mix it for him and sell it to him in that form. So that the words "market demand," as they are inserted in that provision, do not relate to the quantity he is to produce, but to the kind he is to produce. Is not that clear, gentlemen?

Now, we will read further from the fertilizer provision in the offer:

The annual production of these fertilizers shall have a nitrogen content of at least 40,000 tons of fixed nitrogen, which is the present annual capacity of nitrate plant No. 2.

Can the English language make that any clearer? If anybody could put any fancied construction upon the first part of this section 14 which would make it look doubtful—and they can not do it—why, certainly what follows would take away the fancied doubt, when it says:

The annual production of these fertilizers shall have a nitrogen content of at least 40,000 tons of fixed nitrogen, which is the present annual capacity of nitrate plant No. 2. If during the lease period said nitrate plant No. 2 is destroyed or damaged from any cause, the company agrees to restore such plant, within a reasonable time, to its former capacity.

Now, gentlemen, I want to say in connection with these fertilizer provisions that I was on a subcommittee appointed by the Committee on Military Affairs which was to undertake to perfect and work out a provision with Mr. Ford's representatives which would guarantee to the Government that Mr. Ford would produce 40,000 tons of fixed nitrogen a year.

Mr. QUIN. And does not the bill contain the exact language worked out by that subcommittee?

Mr. WRIGHT. Yes. That subcommittee held many meetings, and I want to tell you the provision was not an easy thing to draw, because, as you lawyers know, these commonplace things are the most difficult to clearly express. We wanted to accomplish several things in this provision. We wanted, first, to bind Mr. Ford to manufacture fixed nitrogen for fertilizers with a nitrogen content of at least 40,000 tons of fixed nitrogen for 100 years at Muscle Shoals or adjacent to that plant. Not only that, but we wanted to obligate him to make it continuously during the 100 years.

Mr. BEGG. Will the gentleman yield at that point?

Mr. WRIGHT. Certainly.

Mr. BEGG. I notice the bill provides that he shall make it, provided he is not reconstructing the plant. Suppose he decided he could not profitably make it and did not want to make it. Would he not be complying with the terms of the bill and requirements of the contract if he simply tore down the building and proceeded to take 50 years to reconstruct it?

Mr. WRIGHT. It would bear no such construction. It means when it is destroyed by winds, fires, accidents, or like casualties.

Mr. BEGG. It does not say that. It says in the process of reconstruction.

The CHAIRMAN. The time of the gentleman has expired.

Mr. QUIN. Mr. Chairman, I will yield the gentleman five additional minutes provided he does not give it away in interruptions.

Mr. BEGG. Evidently the gentleman from Mississippi does not want any information about it.

The CHAIRMAN. The gentleman from Georgia is recognized for five additional minutes.

Mr. WRIGHT. The suggestion of the gentleman from Ohio [Mr. BEGG] is merely fanciful, like the other attacks made here.

What I was going to say was that after many meetings—and there were some good lawyers on that subcommittee—

Mr. LAGUARDIA. Will the gentleman yield?

Mr. WRIGHT. No.

Mr. LAGUARDIA. The gentleman is a member of the committee, but does not seem to want to give any information.

Mr. WRIGHT. Later, if I have the time, I will yield. My friend from the State of Washington [Mr. MILLER] was a member of that subcommittee and several others, and we met time after time and at times with representatives of Mr. Ford in an effort to perfect some language which would carry out the points we had in mind, to bind Mr. Ford to manufacture fertilizers at Muscle Shoals, mixed or unmixed, with or without filler, and with a nitrogen content of 40,000 tons annually, and finally this language, as contained in section 14 of the McKenzie bill, was agreed upon. I undertake to say, gentlemen, barring any personal connection I had with it, that I do not believe that the language could be improved on.

I think it carries out the idea of the committee in binding Mr. Ford to make fertilizers at Muscle Shoals and that it would bind him if the offer is accepted.

There has been a great deal said here about the cyanamid process being obsolete, and that Mr. Ford is to operate nitrate plant No. 2, which is to produce fixed nitrogen, under the cyanamid process. In that connection let us read this fertilizer provision further. Mr. Ford agrees:

(a) To determine by research whether by means of electric-furnace methods and industrial chemistry there may be produced on a commercial scale fertilizer compounds of higher grade and at lower prices than farmers and other users of commercial fertilizers have in the past been able to obtain, and to determine whether in a broad way the application of electricity and industrial chemistry may accomplish for the agricultural industry of the country what they have economically accomplished for other industries; and if so found and determined, to reasonably employ such improved methods.

So he does not bind himself to the cyanamid process; he does not bind himself to any process, but he binds himself to use the most economical process of securing fixed nitrogen from the air by the electric-furnace methods and industrial chemistry.

Mr. BRAND of Georgia. Will the gentleman yield?

Mr. WRIGHT. Certainly.

Mr. BRAND of Georgia. I wish the gentleman would give his opinion upon the stipulations in that contract which seek to bind Mr. Ford, his estate, and his heirs during the 100 years to comply with that contract and whether he is strictly obligated to do so.

Mr. WRIGHT. That is contained in section 23, and I will read that provision as it appears in the bill:

SEC. 23. All of the contracts, leases, deeds, transfers, and conveyances necessary to effectuate the acceptance of said offer shall be binding upon the United States, and jointly and severally upon Henry Ford, his heirs, representatives, and assigns, and the company to be incorporated by him, its successors and assigns.

That language, as it appears, certainly binds Mr. Ford, his heirs, and assigns to the faithful performance of any of these contracts that may be entered into as to the manufacture of fertilizers or anything that is covered by his offer. The English language can not make it any clearer.

Mr. BRAND of Georgia. Why did you not use the words "executors and administrators?"

Mr. WRIGHT. Well, heirs and assigns cover everything; that binds Mr. Ford's entire estate absolutely, and there is no doubt about that.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. WRIGHT. No; I decline to yield. That is not a new question; that has been up in the committee, and the opposition to the bill has urged that all along. The language is clear and unambiguous and absolutely binds Mr. Ford and estate.

Much was said by the gentleman from Ohio [Mr. BURTON] about the national water power act and in criticism of the power being turned over to Mr. Ford without being placed under the provisions of this act. There is absolutely no analogy between entering into the proposed contract with Mr. Ford and granting some person or company a license to develop a water power on a navigable stream. When such a license is granted under the act it does not impose on the licensee the heavy liabilities and responsibilities which Mr. Ford proposes to assume under his offer—the greatest, perhaps, ever proposed to be assumed by any man or company in the history of the world.

Besides, this is a case of the Government dealing with its own water-power plants, developed and to be developed, with its own money, and connected therewith and as a part of the

same contract embodying stipulations imposing the heavy obligations on Mr. Ford of keeping the great nitrate plant in a state of readiness, at his own expense, for war purposes for the next 100 years and manufacturing the fertilizer in accordance with the terms of his proposal. What could be accomplished if he should be placed under the terms of the water power act?

All of the States have public utility boards or commissions with regulatory powers, and under the act in question the Federal Water Power Commission has no authority to fix rates in a State which has a State commission, the only exception in such cases being it can settle disputes where the commissioners of the two States can not agree. To place the Muscle Shoals power under the Federal act would mean that 25 cents per horsepower would have to be paid—one half to the Federal commission and the other half to the Board of Engineers of the War Department, and thereby increase the cost to the farmer of fertilizer produced at Muscle Shoals.

The gentleman from Ohio also severely criticizes the inadequacy of price Mr. Ford proposes to pay for the nitrate plants. As a matter of fact, this consideration is insignificant compared to the real consideration which would move the Government to accept the offer, the real consideration being the stupendous and unprecedented obligations proposed to be assumed by Mr. Ford. The gentleman promised some constructive suggestions as to Muscle Shoals, but during the entire 55 minutes he addressed the House his only suggestion was that he favored Government operation and ownership in preference to any of the offers which had been submitted, and that he was opposed to Government operation and ownership.

My friends, the issue is squarely joined. The great interests opposing the acceptance of the Ford offer have been energetically spreading a propaganda from one end of the country to the other, using freely the press of the country for the dissemination of misleading statements intended to poison the public mind and create a prejudice against the offer. The minority report on this bill has been broadcasted over the South; certainly not by the nominal author of it.

On the other hand, the distressed and struggling farmers of the country are eagerly watching our action and hoping and praying that we will pass this bill and thereby give them some relief. Which side will you take?

It is a momentous issue and fraught with transcendent importance. No country can long endure unless it encourages and fosters its agricultural industry—the basic industry and upon which depends the success of all others.

This is a great national question with which we are dealing.

Let us dispose of it without partisanship, prejudice, or passion, but with an eye single to the best interest of the people of our beloved country and their posterity.

Mr. LAGUARDIA. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LAGUARDIA. I would like to inquire of the gentleman from Mississippi whether the members of the committee who have all the information on this bill have been enjoined from giving information to the Members of the House?

Mr. QUIN. The gentleman can get all the information he pleases from his own colleagues, who control half the time.

Mr. Chairman, I yield five minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS of Tennessee. Mr. Chairman and gentlemen of the committee, in the very brief time allotted to me it will be impossible for me to fully discuss any of the particular features of the Ford offer. I have had occasion several times heretofore to discuss it to a considerable extent.

I very much appreciate, Mr. Chairman, the courtesy of my good friend from Mississippi [Mr. QUIN] in yielding me this brief time. I am aware, of course, of the many demands that have been made upon him for time. I particularly appreciate it because the movement to harness this great water-power which has been going to waste for so many years at Muscle Shoals, and to make it serviceable for humanity, was first started in the city of Nashville, Tenn., where I live and which I have the honor now to represent upon this floor. My colleague from Tennessee [Mr. FISHER] stated that the citizens of Tennessee were for this proposition. The gentleman referred to the fact that Gov. Alf Taylor, the former Republican Governor of Tennessee, and one of the most beloved citizens of that State, two years ago, while governor, came here and appeared before the committee and appealed at that time for the acceptance of the Ford offer, and I had a telegram to-day from Maj. E. B. Stahlman, one of the most distinguished and one of the most progressive citizens of Tennessee and of the entire South, in which he expressed the opinion that in the referendum that was being taken by his

great paper, the Nashville Banner, in Nashville and surrounding towns there would be, possibly, 30,000 votes, and that 90 per cent of them would be cast for this proposition. Among numerous other letters and telegrams I have also received the following telegrams:

NASHVILLE, TENN., March 4, 1924.

Tennessee Delegation in United States Congress and Senate, care of Joseph W. Byrns, Washington D. C.:

The Farm Bureau Federation of Davidson County urge you to advocate acceptance of the Ford bid on Muscle Shoals. We believe a large majority of your constituency favor Ford's offer.

DAVIDSON COUNTY FARM BUREAU FEDERATION,  
By JAMES B. EZZELL, President.

CHARLES E. BUNTIN,  
GEORGE A. HENDERSON,  
M. C. WHITWORTH,  
Dr. K. O. DAVIS,  
L. R. CAMPBELL,  
P. J. TINSLEY,  
Dr. M. E. LINK.

Directors.

SPRINGFIELD, TENN., March 5, 1924.

Hon. JOSEPH W. BYRNS, M. C.,

Washington, D. C.:

Robertson County Farm Bureau 100 per cent in favor of Ford getting Muscle Shoals.

A. G. WOODARD, President.  
BETTY MORRIS, Secretary.

Gentlemen have claimed that there is going to be no distribution of power upon the part of Mr. Ford. Other gentlemen have called attention to the fact that last October he publicly proclaimed he would run power lines for 200 miles. The people of the South, the people of Alabama and Tennessee and of Georgia and of the other southern States in proximity to this great power, are not so greatly concerned as some gentlemen from other sections seem to be. They are for the acceptance of Henry Ford's proposition and against the acceptance of the proposition made by the power companies, among other reasons because they do not want this Congress to deliver them into the hands of a power monopoly in the South, a monopoly that now controls practically all of the water power in the South that is now available for use.

I have always contended, gentlemen, that this proposition should be considered, primarily, from two standpoints—from the standpoint of the national defense act, which declared, in section 124, that this great power should be developed at Muscle Shoals for the purpose of national defense, for the purpose of the manufacture of nitrates for munition purposes in war times and nitrates for fertilizer in times of peace.

Mr. HULL of Iowa. Will the gentleman yield?

Mr. BYRNS of Tennessee. I have only a few minutes, and I hope the gentleman will permit me to finish my remarks.

Mr. HULL of Iowa. I just wanted to know whether the gentleman knew of any Member of the House who did not agree with him so far as the national-defense proposition was concerned?

Mr. BYRNS of Tennessee. Yes; and if the gentleman would remain silent and if I had the time, I think I could show the gentleman that his position upon the floor of the House is in direct antagonism to what was declared to be the purpose of Congress when it enacted the national defense act. [Applause.]

Mr. HULL of Iowa. Will the gentleman yield further?

Mr. BYRNS of Tennessee. I regret I have not the time.

Now, take the two propositions before the House. Mr. Ford binds himself to maintain the nitrate plant at Muscle Shoals in a good state of preservation and keep it in repair, in a modern and up-to-date condition, to be used by the United States in the event of war, and in peace times it is to be used for the purpose of manufacturing at least 40,000 tons of nitrates for fertilizer purposes. There is no question about his being bound for the performance of his contract, both to keep the plant in an up-to-date, modern condition, to be used by the Government in the event of war, and also to manufacture nitrates for fertilizer purposes. [Applause.]

As I have said, I have many times discussed on the floor of the House the proper disposition of Muscle Shoals, and it is not my intention in the limited time at my disposal to discuss the Ford offer from the standpoint of financial benefit to the Government. I fully agree with the President that the comparatively small amount of financial benefit to the Government is not the major consideration. The real consideration is the development and the use of this great power for the primary



purpose of carrying out the plain intent of the national defense act under which its development by the Government was first undertaken. As I have stated, that intent is clearly set forth in section 124 of that act which provided for the installation of a nitrate plant to be used for the manufacture of nitrates for munition purposes in time of war and for fertilizer in time of peace. After reading the minority report and listening to the discussions in opposition to Mr. Ford I am constrained to believe that those opposing his offer do not take into consideration the needs of the farmer for cheaper fertilizer and the importance of Congress doing something to relieve the agricultural industry, which forms the basis of all our prosperity. Farm bureaus and their representatives in every section of our country have importuned Congress to adopt the Ford offer because they appreciate the fact that this is perhaps the only opportunity to break the hold of the fertilizer trust and the Chilean nitrate producers who have admittedly kept the price of fertilizer up and have paid their stockholders rich dividends at the expense of the farmers. And it is a source of regret to me that a Representative from the great farming State of Iowa, Mr. HULL, which boasts of being the richest agricultural State in the Union, should lead the fight to prevent the farmer from obtaining this long-sought relief. Both under the terms of the act and for economic reasons the interests of the farmers should be paramount in the consideration of this question, and I do not hesitate to say that those who oppose the Ford offer will disregard their wishes unanimously expressed, and in my opinion, whether intentionally or otherwise, if they are successful, will have strengthened the strangle hold which the fertilizer interests now have upon them.

And you who represent an agricultural constituency either in whole or in part upon this floor need not think that the farmers are not watching you and your vote upon this proposition. They will know who their real friends are when the roll is called.

The gentleman from Chicago, Mr. MADDEN, who represents a constituency located in the heart of the city of Chicago, has had vision to see that any relief which is given to the farmer and which will add to the production of our country will bring prosperity to the city, and with a broad statesmanship is one of the strongest supporters of the Ford offer. What are you who are charged with the direct responsibility of representing the agricultural constituency of your district going to say to your constituency by way of explanation of your vote if you cast it against the Ford offer?

Having in mind the spirit and intent of the national defense act, which was to provide cheaper fertilizer for the farmer in times of peace, the Committee on Military Affairs of the Sixty-seventh Congress recommended that this offer be accepted, and the committee of the Sixty-eighth Congress, with the exception of a small minority of six members, has declared in its majority report that—

After hearing all of the evidence and after considering the various proposals—

They have—

reached the same conclusion as that of the Committee on Military Affairs of the Sixty-seventh Congress, viz, that the offer of Henry Ford is the only proposal which meets all of the requirements of section 124 of the national defense act, and when judged in this light the Ford offer is found to be satisfactory in all respects.

Mr. Ford in his offer makes this express agreement:

Inasmuch as the manufacture of commercial fertilizers for our soils and the sale and distribution of the same to the farmers and other users thereof constitute one of the principal considerations of this offer moving to the Government of the United States and its people, the company expressly agrees that it will continuously throughout the lease period operate nitrate plant No. 2, using the most economical source of power at the approximate present annual capacity of its machinery and equipment in the production of nitrogen and other commercial fertilizer, mixed or unmixed, according to market demand (said capacity being equal to approximately 110,000 tons of ammonium nitrate per annum, containing approximately 40,000 tons of fixed nitrogen). If during the lease period said nitrate plant No. 2 is destroyed or damaged from any cause, the company agrees to restore such plant within a reasonable time to its former capacity, and further agrees:

(a) To determine by research whether by means of electric-furnace methods and industrial chemistry there may be produced on a commercial scale fertilizer compounds of higher grade and at lower prices than farmers and other users of commercial fertilizers have in the past been able to obtain, and to determine whether in a broad way the application of electricity and industrial chemistry may accomplish

for the agricultural industry of the country what they have economically accomplished for other industries, and if so found and determined to reasonably employ such improved methods.

(b) To maintain nitrate plant No. 2 in its present state of readiness, or its equivalent for immediate operation in the manufacture of materials necessary in time of war for the production of explosives.

He further agrees that—

In order that farmers and other users of fertilizer may be supplied with fertilizer at fair prices and without excessive profits, the company agrees that the maximum net profit which it shall make in the manufacture and sale of fertilizer products shall not exceed 8 per cent of the fair annual cost of production thereof.

And in order that this provision may be carried out he agrees to the creation of a board of nine voting members, seven of whom are to be chosen from the leading farm organizations of the country and two to be selected by the company, and who shall have authority after the fullest investigation to determine the actual cost of production and fix the price of fertilizer to the farmer in accordance with the agreement. It is thus left with the farmers themselves, uninfluenced by any political consideration, to determine what is a fair and just price for the fertilizer manufactured. I submit that no fairer proposition could have been presented.

Forty thousand tons of nitrate will produce 2,000,000 tons of fertilizer and is the equal of the 250,000 tons of nitrate which were imported from Chile in 1923 and for which, in addition to the cost, the farmers of the country were compelled to pay the Chilean Government more than \$11,000,000 for the privilege of buying.

It is conceded that nitrates can be produced for one-half of their present cost and with the experimentations which Mr. Ford agrees to conduct they will doubtless be produced in time for even less. Will anyone contend that 2,000,000 tons of fertilizer placed on the market each year at a price far less than the present price will not serve to bring down the cost of fertilizer to the farmer? The fertilizer interests think so, for otherwise they would not have had their representatives here in Washington and conducted such an expensive propaganda over the country in opposition to the Ford offer. Let me repeat that you who vote against the Ford offer vote to continue this monopoly. You vote as the British and Chilean nitrate producers would have you vote. You vote against giving to the farmers and the consuming masses of the country the benefit of securing at a cheaper price this important and essential factor in the productivity of the soil.

While the primary consideration is the manufacture of fertilizer, all of the power generated at Muscle Shoals will not be needed for that purpose. And in a statement which was issued in October, 1923, and which was obviously very carefully and deliberately prepared, Mr. Ford declared: "If I get Muscle Shoals we shall run power lines 200 miles in every direction from Muscle Shoals." This is the clear, unequivocal promise upon his part to distribute a certain amount of the surplus power for commercial purposes. Will it be contended that Mr. Ford made this solemn statement for the purpose of deceiving the public? His record in the past certainly does not justify any such conclusion nor do I believe that his bitterest opponents will so contend. The power companies of the South think he will keep his pledge, for it was only after he made this statement that they got together and submitted an offer for this power more than two and one-half years after Mr. Ford first submitted his offer, and they have numerous representatives here to-day fighting his offer. As in all public matters the people themselves are not represented save by you. The people have confidence in Henry Ford and they believe he will faithfully carry out every pledge that he has made.

Mr. QUIN. Mr. Chairman, I yield to the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. Mr. Chairman, I discussed the merits of the Ford offer at length on yesterday and shall devote the little time allotted to me now in calling attention to some inaccurate statements which have been made by others. Member after Member has stated that it would only be necessary for Mr. Ford to use 100,000 horsepower to manufacture fertilizer, when as a matter of fact, as I have heretofore explained, it requires 260,000 horsepower to meet the fertilizer obligation of Mr. Ford, and this is more power than the primary power that will be developed by both of the dams and the steam plant at No. 2 and the one to be built on the Warrior River. No one can dispute the fact that the primary power from the two dams

amounts to 121,000 horsepower. The steam plant at Muscle Shoals and the one to be built on the Warrior River will provide for an additional 140,000 horsepower, altogether amounting to 241,000 horsepower.

Several Members opposing the Ford offer have called attention to discrepancies between the Ford offer and the terms of this bill, but when the two have been compared they are found to be identical.

This is no ordinary legislation. Mr. Ford has made an offer to purchase and lease property from the Government, and the bill reported by the committee provides for the acceptance of that offer, and it should be voted up or down. Those in favor of the Ford offer I take for granted will vote for the bill. It is but natural to expect those who are opposed to the Ford offer to criticize it and, if possible, make such changes as would defeat it. Some one has said that the bill was prepared in Detroit and that we had criticized the revenue bill prepared by Mr. Mellon. The cases are not at all analogous. The revenue bill was general legislation in which every Member of the House had a voice and was expected to take part in the preparation of its various terms and provisions. In this case, as I have said, it is a question of whether the House is willing to accept a bona fide offer made by Henry Ford to buy and lease the Government's property at Muscle Shoals.

A few Members of the House continue to contend that the water-power feature should be under the control of the Water Power Commission. They seem to overlook the fact that this development at Muscle Shoals was not only authorized and commenced before the water power act was passed but by express authority of Congress in the national defense act of 1916, for two fundamental purposes, viz, to make explosives in times of war and cheap fertilizer for the farmers in peace times. And for that reason the Congress of the United States should keep within its power the control over this entire property and not delegate it to the Water Power Commission or any other Government bureau nor to any Cabinet member or number of Cabinet officers.

Why should the gentleman from Iowa [Mr. HULL] and the gentleman from South Dakota [Mr. WILLIAMSON] manifest such interest in the distribution by Mr. Ford of the surplus power in that section of the country? The Representatives in this House of all the States and entire territory which could possibly be supplied with this surplus power are here favoring and will vote for the offer of Henry Ford just as it is written. If they are satisfied with the provisions of the Ford offer and the assurance of Mr. Ford that if his offer is accepted that the surplus power will be sent in every direction for 200 miles, why should the Representatives from the section of country which can not be served by this surplus power interpose an objection?

It was remarkably strange that the gentleman from Ohio [Mr. BURTON], speaking for 40 minutes on this subject, failed to mention the national-defense feature of the development at Muscle Shoals. It is very evident from what he said and from his record in the House and the Senate that if it had been left to him these dams on the Tennessee River at Muscle Shoals would never have been built and the water power developed if he could have prevented it. He talks about conservation of our natural resources. It would seem from his argument that his idea of conservation, so far as it applies to Muscle Shoals, would be to allow the water to continue to flow over the shoals at that point and go on into the Gulf without being utilized.

The gentleman from Ohio also criticizes that provision of the bill authorizing Mr. Ford or his representative to provide for the purchase of the lands which will be overflowed by the construction of Dam No. 3. Mr. Ford will have to pay the interest on the cost of these lands, and it will be to his interest to acquire the same as cheaply as possible; and he should be given this right for the same reason that he is permitted to complete the water-power dams, for he believes that he can do the work cheaper and quicker than the Government. The less the cost, the less the interest he will have to pay. The flowage damages at Dam No. 2 have already been paid by the Government.

Some one has said that it would require an additional appropriation by Congress of \$50,000,000 to complete the water-power development if Mr. Ford's offer is accepted, while the fact is that only an amount sufficient to build Dam No. 3, estimated at \$25,000,000, will be required in addition to the amount carried in the Army appropriation bill which has been reported to the House.

There has never been a question before Congress which has met with such interest and favor as the offer of Henry Ford for Muscle Shoals. The committees of this and the last Congress have recommended its acceptance. The passage of this bill will meet with the approval of the American people. It will break the Fertilizer Trust and reduce the price of the farmer's

fertilizer one-half. It will increase food production, reduce the cost of living, and give employment to millions of people at good wages. [Applause.]

Mr. McKENZIE. Has the gentleman from Mississippi any Member here to whom he can now yield?

Mr. QUIN. No; my orators are not present.

Mr. McKENZIE. In the interest of expediting this matter, let me state that I have only one speaker left. I have 40 minutes remaining. I will ask the gentleman from Mississippi and the gentleman from Pennsylvania if we should rise now if we can not agree that the gentleman from Mississippi will use 40 minutes to-morrow and the gentleman from Pennsylvania 40 minutes to-morrow, and I use 40 minutes, and at the expiration of that time close general debate.

Mr. QUIN. I can not agree to that, for I have got this time promised.

Mr. MORIN. Mr. Chairman, how much time is there remaining?

The CHAIRMAN. The gentleman from Pennsylvania has 1 hour and 27 minutes remaining; the gentleman from Illinois and the gentleman from Mississippi have 1 hour and 49 minutes remaining between them.

Mr. MORIN. All my time is allotted and I can not agree to surrender any part of that time to-morrow.

Mr. McKENZIE. I think it is always conceded that the side in charge of the bill shall have the closing speech. I have but one more speech, and naturally we expect to reserve that to the end of the debate, which is perfectly proper. It seems to me these gentlemen should have had their speakers here this afternoon, so that we would not have to take up so much time to-morrow. I do not say that in a critical spirit, but I am anxious simply to expedite the consideration of the bill.

Mr. HULL of Iowa. The gentleman understands it is not our duty to have the speakers here when he has more time to use than we have.

Mr. HILL of Maryland. Will the Chair state again how much time there is remaining?

The CHAIRMAN. The gentleman from Pennsylvania has remaining 1 hour and 27 minutes and the gentleman from Illinois and the gentleman from Mississippi, between them, 1 hour and 49 minutes.

Mr. McKENZIE. Mr. Chairman, in order to expedite the bill, I will ask the gentleman from Mississippi if he will be willing to agree that to-morrow we shall use only as much time as the gentleman from Pennsylvania has remaining, and that is 1 hour and 27 minutes. Will he be willing to curtail the discussion to that extent?

The CHAIRMAN. There is a difference of only 12 minutes.

Mr. QUIN. The gentleman wants to know if I will sacrifice 12 minutes? I will, rather than have any hard feelings. [Laughter.]

Mr. McKENZIE. It is not a question of hard feelings, it is a question of getting along with the bill. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MAPES, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 518, the Muscle Shoals bill, and had come to no resolution thereon.

#### LEAVE OF ABSENCE.

Mr. TYDINGS (at the request of Mr. HULL of Maryland) by unanimous consent, was given leave of absence for to-day on account of important business.

#### NATIONAL PROHIBITION ACT.

Mr. KVALE. Mr. Speaker, I wish to say that I have introduced two amendments to the national prohibition act proposing certain changes in that act, chief of which is the provision striking out the latter half of section 33 of Title II of that act.

This amendment, H. R. 7644, if enacted into law, will drive the colored gentleman out of the woodpile in which he has reposed so snugly for the past four years.

It will eliminate the inexcusable and indefensible portion of that act, through the provisions of which the rich are given the right to have all the liquor they choose. A more disgraceful provision was never incorporated into any law. More open, brazen class legislation is unthinkable.

My amendment will at least make an honest and sincere attempt to make of the eighteenth amendment what the people intended it should be when they adopted it, namely, prohibition for all, and not a law affecting only a part of the population of this Nation.

The United States as a Nation knows nothing about actual prohibition, for it has never tried it. What it has tried is



something often called "Volsteadism," and I dispute no man's right to give it that name. But it is not prohibition. There is as wide a difference between the two as there is between a swamp and a desert.

What we now have is the curse of the country. Prohibition, if we can have it, will be a boon, a godsend, a blessing to untold millions, and to millions of generations yet unborn.

I look to all who want real prohibition and not a farce to support my bill.

#### ADJOURNMENT.

Mr. BEGG. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 17 minutes p. m.) the House adjourned until to-morrow, Thursday, March 6, 1924, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII.

Mr. SINNOTT: Committee on the Public Lands. H. R. 3682. A bill authorizing the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and monuments under the jurisdiction of the Department of the Interior; without amendment (Rept. No. 258). Referred to the Committee of the Whole House on the state of the Union.

Mr. WINTER: Committee on the Public Lands. H. R. 4494. A bill authorizing extensions of time for the payment of purchase money due under certain homestead entries and Government land purchases within the Fort Berthold Indian Reservation, N. Dak.; without amendment (Rept. No. 259). Referred to the Committee of the Whole House on the state of the Union.

Mr. SNYDER: Committee on Indian Affairs. H. R. 5726. A bill to amend the act of Congress of March 3, 1921, entitled "An act to amend section 3 of the act of Congress of June 28, 1906, entitled 'An act of Congress for the division of the lands and funds of the Osage Indians in Oklahoma, and for other purposes'"; with an amendment (Rept. No. 260). Referred to the Committee of the Whole House on the state of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII.

Mr. REECE: Committee on Military Affairs. H. R. 6972. A bill for the relief of William H. Nelson; with an amendment (Rept. No. 261). Referred to the Committee of the Whole House.

#### CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 7631) for the relief of Charles T. Clayton and others; Committee on Claims discharged, and referred to the Committee on War Claims.

An act (S. 2209) to amend section 5147 of the Revised Statutes; Committee on Banking and Currency discharged, and referred to the Committee on the Judiciary.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. DICKSTEIN: A bill (H. R. 7643) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. KVALE: A bill (H. R. 7644) to amend the national prohibition act; to the Committee on the Judiciary.

Also, a bill (H. R. 7645) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. SUTHERLAND: A bill (H. R. 7646) to extend the provisions of certain laws to the Territory of Alaska; to the Committee on the Territories.

By Mr. WARD of North Carolina: A bill (H. R. 7647) to amend and reenact sections 20, 22, and 50 of the act of March 2, 1917, entitled "An act to provide a civil government for Porto Rico, and for other purposes"; to the Committee on Insular Affairs.

By Mr. LOZIER: A bill (H. R. 7648) for the erection of a post-office building at Trenton, Mo.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7649) providing for the purchase of a site and the erection of a public building at Marceline, Linn County, Mo.; to the Committee on Public Buildings and Grounds.

By Mr. DYER: A bill (H. R. 7650) to amend sections 136 and 138 of the Judicial Code; to the Committee on the Judiciary.

By Mr. WEAVER: A bill (H. R. 7651) to establish a fish hatchery and fish-cultural station in the State of North Carolina; to the Committee on the Merchant Marine and Fisheries.

By Mr. CORNING: Memorial of the Legislature of the State of New York petitioning Congress to enact legislation to provide for a substantial increase in the salaries of all postal employees; to the Committee on the Post Office and Post Roads.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACON: A bill (H. R. 7652) for the relief of the Turner Construction Co., of New York City; to the Committee on War Claims.

By Mr. CANFIELD: A bill (H. R. 7653) granting a pension to Benjamin F. Bennett, jr.; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7654) granting a pension to John Mark White; to the Committee on Invalid Pensions.

By Mr. CARTER: A bill (H. R. 7655) for the relief of the heirs of Israel Folsom and of Peter Folsom, both deceased, and for other purposes; to the Committee on Claims.

By Mr. DEAL: A bill (H. R. 7656) for the relief of the estate of Sarah Harrison; to the Committee on Claims.

By Mr. EDMONDS: A bill (H. R. 7657) for the relief of Frank E. Richards, as liquidator of Steamship Tregenna Co. (Ltd.); to the Committee on Claims.

By Mr. KAHN: A bill (H. R. 7658) granting a pension to Norman Campbell; to the Committee on Pensions.

Also, a bill (H. R. 7659) granting a pension to John B. Reilly; to the Committee on Pensions.

By Mr. KEARNS: A bill (H. R. 7660) granting an increase of pension to Emma Harrell; to the Committee on Pensions.

By Mr. LILLY: A bill (H. R. 7661) granting a pension to Leroy Lively; to the Committee on Invalid Pensions.

By Mr. MADDEN (by request): A bill (H. R. 7662) for the relief of the General Chemical Co., the Interstate Iron & Steel Co., the Great Lakes Dredge & Dock Co., the Armour Grain Co., and the Chicago & North Western Railway Co.; to the Committee on Claims.

Also, a bill (H. R. 7663) for the relief of the Cudahy Packing Co.; to the Committee on Claims.

By Mr. MORGAN: A bill (H. R. 7664) granting a pension to Minerva D. Hood; to the Committee on Invalid Pensions.

By Mr. RAGON: A bill (H. R. 7665) to incorporate the Theodore Roosevelt Educational Association; to the Committee on the District of Columbia.

Also, a bill (H. R. 7666) for the relief of Marion H. Henderson; to the Committee on Claims.

By Mr. REED of Arkansas: A bill (H. R. 7667) granting an increase of pension to Thomas Samuel Garen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7668) granting an increase of pension to Dora Probst; to the Committee on Invalid Pensions.

By Mr. THOMAS of Kentucky: A bill (H. R. 7669) granting an increase of pension to Maggie A. McKinney; to the Committee on Invalid Pensions.

By Mr. WASON: A bill (H. R. 7670) granting a pension to Daniel F. Healy; to the Committee on Invalid Pensions.

By Mr. WEAVER: A bill (H. R. 7671) for the relief of Laura E. Alexander; to the Committee on Claims.

Also, a bill (H. R. 7672) for the relief of Mrs. Cary B. Moore; to the Committee on Claims.

Also, a bill (H. R. 7673) granting a pension to O. W. Surret; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7674) granting a pension to Mrs. Anson B. Sams, sr.; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7675) granting a pension to Will Brown; to the Committee on Pensions.

Also, a bill (H. R. 7676) granting an increase of pension to Rome Patton; to the Committee on Pensions.

Also, a bill (H. R. 7677) granting a pension to John B. Free; to the Committee on Pensions.

Also, a bill (H. R. 7678) granting a pension to Levi J. Tipton; to the Committee on Pensions.

By Mr. WEFALD: A bill (H. R. 7679) for the relief of Lars O. Elstad and his assigns and the exchange of certain lands owned by the Northern Pacific Railway Co.; to the Committee on the Public Lands.

By Mr. ASWELL: A bill (H. R. 7680) for the relief of Andrew G. Winfree; to the Committee on Claims.

By Mr. **LAGUARDIA**: Resolution (H. Res. 208) protesting against the unlawful imprisonment of Eamon De Valera; to the Committee on Foreign Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1524. By the **SPEAKER** (by request): Petition of citizens of Chicago, Ill., asking for repeal of war taxes on motor trucks, automobiles, parts, tires, and accessories; to the Committee on Ways and Means.

1525. By Mr. **ALDRICH**: Petition of the South Providence (R. I.) Free Loan Association, protesting against passage of Johnson immigration bill; to the Committee on Immigration and Naturalization.

1526. By Mr. **BLOOM**: Petition of citizens of New York City, N. Y., opposing section 4 of Senate bill 726; to the Committee on Indian Affairs.

1527. By Mr. **BULWINKLE**: Petition of Lions Club of Charlotte, N. C., asking Congress to appropriate sufficient funds to train not less than one-third of the reserve officers and enlisted reservists each year, maintain headquarters for Organized Reserve units, and pay necessary expenses of the officers; to the Committee on Military Affairs.

1528. Also, petition of Auten-Stowe Post, American Legion, Belmont, N. C., for the passage of adjusted compensation bill; to the Committee on Ways and Means.

1529. By Mr. **KING**: Petition of the Columbian Club of Geneseo, Ill., favoring the adjusted compensation bill; to the Committee on Ways and Means.

1530. By Mr. **VALE**: Petition of A. F. McArthur and other farmers and voters of Stevens County, Minn., urging passage of the Haugen-McNary bill; to the Committee on Agriculture.

1531. Also, petition of farmers and business men of Minnesota, Amiret, Ghent, and Balaton, Minn., urging the necessity of passing the Haugen-McNary bill; to the Committee on Agriculture.

1532. By Mr. **MORROW**: Petition of Luna County Medical Society, Deming, N. Mex., favoring an amendment to the Harrison narcotic act; to the Committee on Interstate and Foreign Commerce.

1533. Also, petition of Monday Progress Club, Raton, N. Mex., favoring the sending of United States representatives to the International Conference on Narcotics; to the Committee on Foreign Affairs.

1534. Also, petition of Bernalillo County Medical Society, Albuquerque, N. Mex., favoring an amendment to the Harrison narcotic act; to the Committee on Interstate and Foreign Commerce.

1535. Also, petition of Santa Fe County Medical Society, Santa Fe, N. Mex., favoring an amendment to the Harrison narcotic act; to the Committee on Interstate and Foreign Commerce.

1536. By Mr. **O'CONNELL** of Rhode Island: Petition of members of the South Providence Free Loan Association, opposing the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1537. By Mr. **STRONG** of Pennsylvania: Petition of Lodge No. 621, Patriotic Order Sons of America, Porter, Pa., in favor of the Johnson-Lodge immigration bill; to the Committee on Immigration and Naturalization.

1538. Also, petition of honorably discharged soldiers, sailors, and marines of Leechburg, Pa., and vicinity, in favor of adjusted compensation for World War veterans; to the Committee on Ways and Means.

1539. By Mr. **TEMPLE**: Petition of Unit No. 22, American Legion Auxiliary, Charleroi, Pa., favoring the adjusted compensation bill; to the Committee on Ways and Means.

#### SENATE.

THURSDAY, March 6, 1924.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, from Thee all our blessings come. We would recognize our dependence upon Thee this morning and realize that life becomes intensely more precious when we seek to follow out the precepts of Thy Word and engage in those duties given unto us with the consciousness that all wisdom cometh from Thee. The Lord our God be with us and help us to do the things which are acceptable before Thee. Through Jesus Christ our Lord. Amen.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Monday, March 3, 1924, when, on request of Mr. **CURTIS** and by unanimous consent, the further reading was dispensed with and the Journal was approved.

#### CALL OF THE ROLL.

Mr. **CURTIS**. Mr. President, I suggest the absence of a quorum.

The **PRESIDENT** pro tempore. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Adams	Edwards	Kendrick	Reed, Pa.
Ashurst	Ernst	Keyes	Robinson
Bayard	Ferris	King	Sheppard
Borah	Fess	Ladd	Shields
Brandegee	Fletcher	Lodge	Shipstead
Brookhart	Frazier	McKellar	Shortridge
Broussard	George	McLean	Simmons
Bruce	Gerry	McNary	Smoot
Bursum	Glass	Mayfield	Spencer
Cameron	Gooding	Moses	Stanley
Capper	Hale	Neely	Stephens
Caraway	Harrell	Norris	Swanson
Copeland	Harris	Oddie	Trammell
Cummins	Harrison	Overman	Wadsworth
Curtis	Heflin	Pepper	Walsh, Mass.
Dale	Howell	Phipps	Walsh, Mont.
Dial	Johnson, Minn.	Pittman	Warren
Dill	Jones, N. Mex.	Ralston	Watson
Edge	Jones, Wash.	Ransdell	Willis

The **PRESIDENT** pro tempore. Seventy-six Senators have answered to their names. There is a quorum present.

#### STATEMENT BY FORMER ATTORNEY GENERAL GREGORY.

Mr. **SHEPPARD**. Mr. President, I desire to place in the **RECORD** as a part of my remarks the statement addressed by former Attorney General Gregory to President Coolidge in reference to the oil-lease matter, and the President's comment thereon. Both statements were given to the press by the President immediately after Mr. Gregory's interview with the President following his arrival from Texas.

The **PRESIDENT** pro tempore. Is there objection? The Chair hears none and it is so ordered.

The matter referred to is as follows:

FEBRUARY 2, 1924.

Mr. **PRESIDENT**: On last Tuesday night, when I was in Austin, Tex., you stated to me over the long-distance telephone that you wished to employ me in the investigation of the leases of the naval oil reserves. You will recall that after expressing my appreciation I stated that I was not in close touch with the developments in the matter; that nothing occurred to me that would prevent me from serving, but that I would be in Washington Saturday afternoon—to-day—and would then confer with you on the subject. I had no idea that in saying this I was accepting an appointment or that you so understood it. I assumed that that would be decided when we conferred and that in the meantime I would have an opportunity to go through my books and correspondence to see whether in the course of my private practice I had ever had any employments which might stand in the way. It was also my desire, before definitely committing myself, to confer with Senator **WALSH** of Montana, who has conducted the investigation of the Senate committee. I was very much surprised to read in the Texas newspapers the next morning that I had been appointed, but did not feel at liberty to make any public statement, and consistently declined to do so until I had seen you.

Of course, if it had been in my mind at the time of our telephone conversation that I had been employed by Mr. Doheny, directly or indirectly, or at any time, near or remote, that would have ended the matter at once, because I would have realized that however free from criticism such employment might have been, it would have disqualified me from acting as your counsel on the present occasion. I have no recollection of having seen or communicated with Mr. Doheny in my life, and at that time did not recall ever having had any business connection with him or with any company controlled by him.

I returned to Washington as quickly as possible for the purpose of keeping my engagement with you, and arrived here this afternoon.

Yesterday while on the train my attention was called to a statement made the day before to the Senate Public Lands Committee by E. L. Doheny to the effect that his company and several others employed me "to represent them before the President in regard to getting permits to drill oil while in Mexico," and that "the Island Oil Co. billed us for \$2,000 as our share of the fee that they paid Judge Gregory for this particular work."

I would have been at a loss to know what he was referring to except for his mention of the Island Oil Co. I remembered perfectly my employment by that company, although some of the details had passed